State of the West
2003

Western Canadian Demographic
and Economic Trends

Robert Roach
May 2003

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BUILDING THE NEW WEST

This report is part of the Canada West Foundation's Building the New West (BNW) Project, a multi-year research and public consultation initiative focused on the strategic positioning of western Canada within the global economy.

Five key priorities emerged from an extensive research and consultation process and provide a framework for the Building the New West Project:

- the West must create the tools to attract, retain, and build HUMAN CAPITAL;
- the West must continue ECONOMIC DIVERSIFICATION;
- the West must strengthen its TRANSPORTATION INFRASTRUCTURE;
- the West must promote the global competitiveness of its MAJOR CITIES; and
- the West must develop new ways of facilitating REGIONAL COORDINATION.

To learn more about the BNW Project, please visit the Canada West Foundation website (www.cwf.ca).

This report was written and designed by Canada West Foundation Senior Policy Analyst Robert Roach. Thanks are extended to Canada West Foundation Intern Lisa Fox for providing research assistance.

The opinions expressed in this document are the author's only and are not necessarily held in full or in part by the Canada West Foundation's funders, subscribers, advisors, or Board. Funding for this report was provided by the Government of Canada (Western Diversification) and the Kahanoff Foundation.

PLEASE NOTE: The statistics presented in this report are *estimates* and may be revised from time-to-time by Statistics Canada.

A French-language version of this report is also available. For more information, please contact the Canada West Foundation (cwf@cwf.ca) or visit our website (www.cwf.ca).

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PREFACE

The Canadian West is a dynamic regional community characterized by diversity, growth and prosperity. At the same time, however, neither the West's complexity nor its contribution to the national community are sufficiently recognized outside the region or, indeed, by western Canadians themselves.

For example, the urban face of the modern West is often not brought into bold relief in regional portraits and perceptions. Although the West is the product of huge waves of international immigration and internal migration in the past, the contemporary role that both immigration and migration continue to play is not fully appreciated. The same conclusion can be drawn with respect to the growing importance of Aboriginal people within the West's demography and economy, or with respect to the transforming impact of continental trade.

In order to contribute to a fuller understanding of the contemporary West and its future trajectory, the Canada West Foundation published the first edition of **State of the West** in April 2001. This landmark publication provided an important anchor for the Foundation's *Building the New West* initiative – a project created to explore the determinants of regional prosperity in a rapidly changing global economy.

This new edition of **State of the West** updates and expands the 2001 publication. Although its format is designed to capture change in the region over the past 20-30 years, our intent is less to provide an historical understanding than it is to provide tools for looking ahead. As Canadian historian Donald Creighton writes in *The Passionate Observer:* "The waves behind the vessel which is carrying humanity forward into the unknown ... can teach us where the winds of change are blowing and on what course the chief currents of our age are set. They can reveal to us the main direction of our voyage through time."

State of the West is also designed to illustrate regional trends that reach across the four western provinces and which, to a degree, set the West apart from the rest of the country. However, the analysis reflects the full scope of interprovincial diversity within the region. By capturing both regional trends and diversity, **State of the West** presents a nuanced portrait of a region that is now home to nearly one in three Canadians.

This new edition of **State of the West** marks another milestone in the efforts of the Canada West Foundation to provide greater regional and national understanding of the contemporary West. It was made possible through the direct financial support of Western Economic Diversification Canada, and indirectly through the generous support provided by the Kahanoff Foundation to the *Building the New West Project*, within which this report is embedded.

Dr. Roger Gibbins
President and CEO
Canada West Foundation, May 2003

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FOREWORD

Growing up and living in the West for over 30 years, I have seen the region change in profound ways. Millions of migrants from around the world and other parts of Canada have poured in seeking new opportunities and a better life. In this way, the region's culture has been greatly enriched. The West's big cities have come of age, are home to more people, and offer more to both their citizens and visitors from other parts of the region, the country, and the world. Our population is older than ever before, we are sending more of our exports to the United States, health care has emerged as a key political issue and a huge public policy challenge, farming has become a much less pervasive part of life on the Prairies, and the regional economy is producing all sorts of new products and delivering a more diverse range of services.

Reflecting on the many changes that have shaped the West in recent years and will continue to shape it in the years ahead, I am struck by how much has stayed the same. The ups and downs of the natural resource and farming sectors continue to bring with them both good times and bad. We continue to elect very few Members of Parliament on the government side of the House. We still farm, log, and drill, and we continue to feel a sense of distance from Toronto, Montréal, and Ottawa that is greater than the kilometres that separate us. The land – from the fish-laden lakes of Manitoba and the rolling grasslands of Saskatchewan to the rugged mountains of Alberta and the purple-hued coast of BC – remains heart-stoppingly beautiful.

This new edition of **State of the West** highlights the many changes that have taken place in the region and points to still more to come. It also reveals that many of the features that set the West apart, and fuel its myths and legends, remain firmly in place.

Since the publication of the first edition of **State of the West** in early 2001, there has been a deepening of many of the trends it highlighted: the populations of BC and Alberta continue to grow much faster than the populations of Saskatchewan (which has been shrinking) and Manitoba; BC remains the main destination of international migrants, but Alberta continues to make up ground; Alberta remains the only western province with more people moving in than out from other parts of the country; the proportion of seniors in the population continues to climb; urbanization has increased; the Aboriginal population continues to grow relative to the non-Aboriginal population; there are more visible minorities in the West; the economy remains rooted in the natural resource and agriculture sectors; international trade is still growing in importance; and Alberta has maintained its substantial lead in the area of debt reduction.

The West remains a very heterogeneous region with a great deal of variation among its component parts. At the same time, there is a great deal of common ground in the region and it remains a unique part of the country. As a recent Canada West Foundation survey of western Canadians shows, despite the many demographic and economic differences that exist within the West, there is a great deal of similarity on an attitudinal level. Westerners do not all think alike, but they tend to think like westerners nonetheless.

As the world continues to change in the post-9/11 era, it remains to be seen how the West will be affected by the new international order (or lack thereof) that is taking shape. The global economy is experiencing significant growing pains and the Canadian federation continues to be a complex and dynamic political environment. These factors, and countless others, will create opportunities and challenges for westerners as we keep striving to make the West one of the best places in the country - and the world - in which to live. The information in **State of the West 2003** is intended to provide some basic signposts to help us achieve this goal.

Robert Roach
Calgary, Alberta
May 2003

1. POPULATION GROWTH

"Demography, the study of human populations, is the most powerful – and most underutilized – tool we have to understand the past and to foretell the future."

– David K. Foot with Daniel Stoffman
Boom, Bust and Echo:
How to Profit From the Coming Demographic Shift

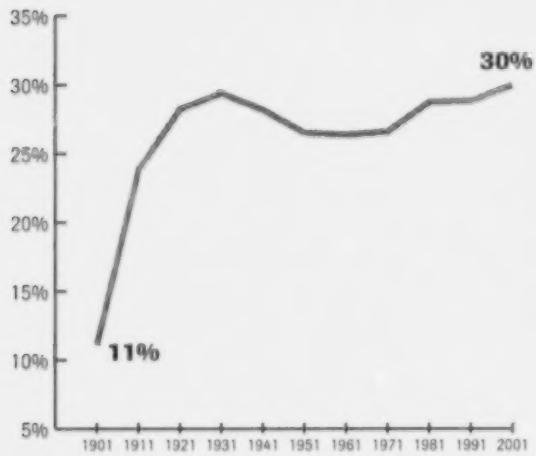
- 30% of Canadians live in one of the four western provinces, making the West Canada's second largest region after Ontario.
- The populations of BC and Alberta have nearly doubled since 1971 while the populations of Manitoba and Saskatchewan are only slightly larger. As a result, the proportion of westerners living in BC and Alberta has increased relative to the proportion living in Saskatchewan and Manitoba.
- In recent years, Alberta has eclipsed BC as the region's fastest growing province.
- The West is projected to grow by 2 to 3 million people by 2025, with virtually all the growth occurring in BC and Alberta.
- As the number of births relative to the number of deaths decreases in the years ahead, attracting mobile people to the region will increase in importance as a source of population growth.

POPULATION GROWTH

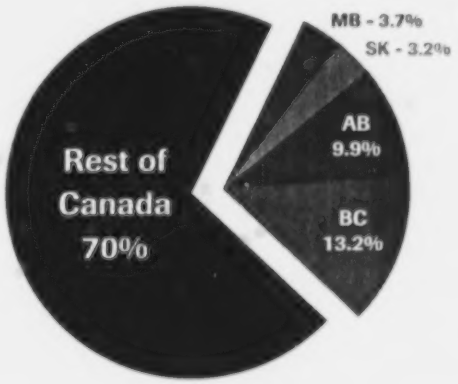
Three in ten Canadians live in the West

Figure 1: Relative Size of Western Canada's Population

Western Canada's Population as a Percentage of Canada's Population, 1901-2001 (Census Years)



The Western Provinces as a Percentage of Canada's Population, 2002



With a population of over 9.4 million people (as of July 1, 2002), the four western provinces are home to 30.0% of Canadians. Ontario's share of the national population is 38.4% (12.1 million people), Quebec's share is 23.7% (7.5 million people), and Atlantic Canada's share is 7.6% (2.4 million people). The North accounts for 0.3% of the national population (100,000 people).

There has been a moderate shift in the relative size of Canada's regions in favour of the West and Ontario. The West's share of the national population has increased from 26.6% in 1971 to 30.0% today. Over this same period, Ontario's share also increased from 35.7% to 38.4%. Conversely, the percentage of Canadians living in Quebec and Atlantic Canada has decreased since the 1970s; Quebec's share dropped from 27.9% to 23.7% and Atlantic Canada's from 9.5% to 7.6%. Western Canada experienced rapid population growth in both absolute and relative terms during the early part of the 20th century as settlers poured in from other parts of Canada and around the world. The region's population grew by a staggering 409.7% between 1901 and 1931 while the rest of the country grew by a more modest 53.6%. Over this same period, the West's share of the national population increased from 11.1% to 29.4%.

Slower population growth – and even contraction in the case of Saskatchewan – in the 1930s and 1940s caused the West's share of the national population to fall to 26.5% by the time of the 1951 Census. It was not until the mid-1990s that the region's share of the national population climbed past its 1931 level.

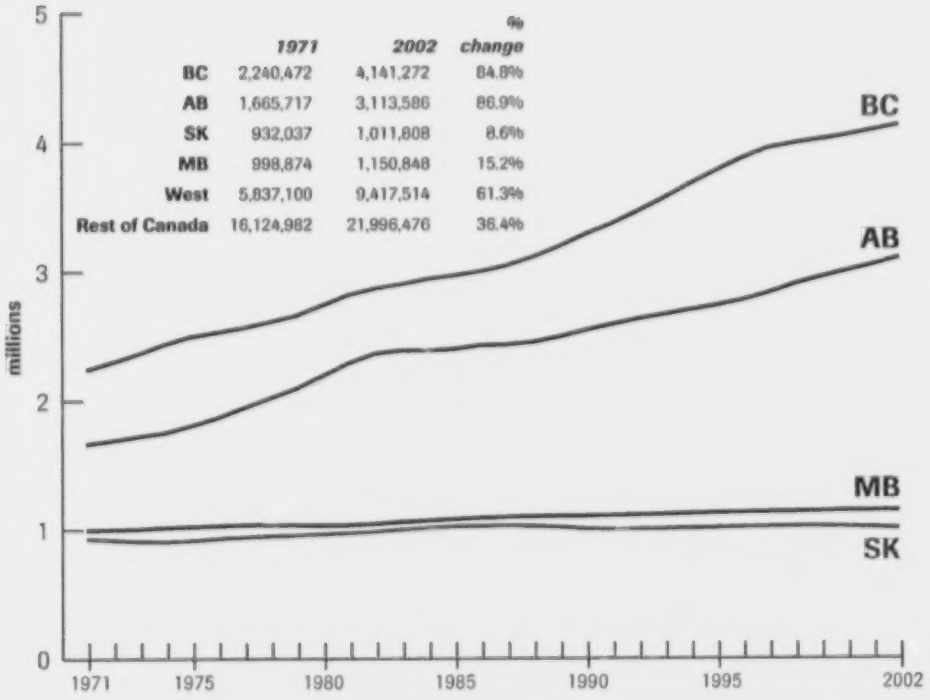
Saskatchewan and Manitoba combined account for 6.9% of Canada's population compared to a total of 23.1% for BC and Alberta.

Source: Derived from Statistics Canada Census data and annual population estimates

POPULATION GROWTH

B.C. and Alberta have experienced strong population growth while Saskatchewan and Manitoba remain roughly the same size as they were thirty years ago

Figure 2: Population of the Western Provinces, 1971-2002



Between 1971 and 2002, western Canada's population increased by 61.3% (3,580,414 people) compared to 36.4% (5,871,494 people) for the rest of the country. Strong growth as a region, however, masks significant differences within the West. On the one hand, BC and Alberta have experienced the strongest growth in the country (Ontario is the next closest province with a percent change in population between 1971 and 2002 of 53.8%*). On the other hand, population growth in Saskatchewan and Manitoba has been modest with Saskatchewan shrinking by over 13,756 people between 1999 and 2002. The only province with a smaller percent change in population between 1971 and 2002 than Saskatchewan and Manitoba was Newfoundland and Labrador at 0.1%.

Uneven population growth within the West highlights the fact that the component parts of the region are not homogenous. In terms of population growth and the opportunities and challenges it generates, BC and Alberta have been on different tracks than Saskatchewan and Manitoba. Nonetheless, and as other sections of this report demonstrate, the four western provinces also have a lot in common. The regional challenge is to find ways to build on both the similarities and the differences.

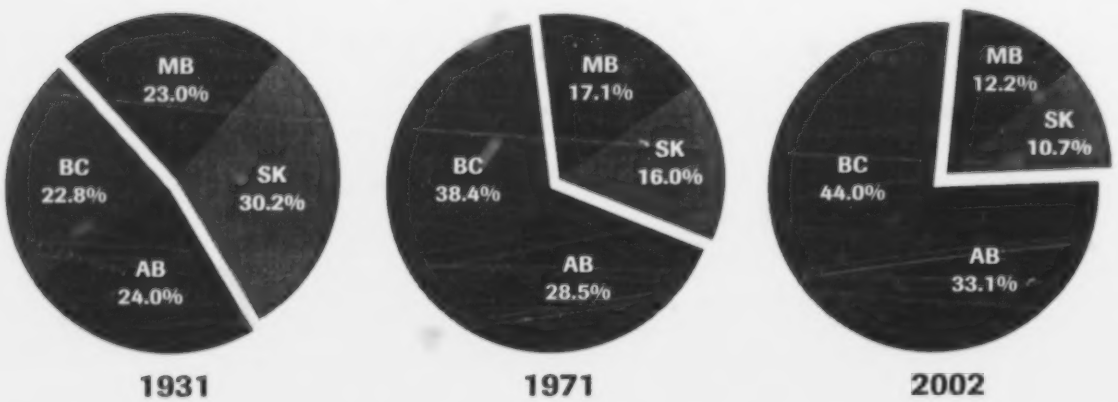
* Between 1971 and 2002, the combined population of the NWT and Nunavut grew by 92.6% and the Yukon grew by 57.6%.

Source: Derived from Statistics Canada annual population estimates.

POPULATION GROWTH

BC and Alberta have significantly increased their share of the regional population

Figure 3: Share of Western Canada's Population, 1931, 1971, and 2002



Uneven population growth has caused the proportion of western Canadians living in BC and Alberta to increase at the expense of Saskatchewan and Manitoba. Once again, we see a sharp divide within the region with BC and Alberta *increasing* their combined share of the West's population from 46.8% in 1931 to 77.1% today, compared to a *drop* in the combined share of Saskatchewan and Manitoba from 53.2% in 1931 to 22.9% in 2002.

BC and Alberta have grown at roughly the same rate over the last 30 years (both provinces had average annual population growth of 2.0% between 1972 and 2002). As a result, the ratio of British Columbians to Albertans is about the same today as it was thirty years ago (1.3:1).

In recent years, a booming economy in Alberta combined with a bumpy economy in BC have helped Alberta emerge as the fastest growing province in both the West and in the country as a whole.*

As Figure 4 illustrates, the West's population has grown at an average rate of 1.6% per year over the last three decades while the rest of the country grew at an annual rate of 1.0%. Average growth, however, masks the peaks and valleys that characterize population change in the West. The boom and bust economy of Alberta, for example, led to dizzying growth from the mid-1970s to the early 1980s followed by a *loss* of 314 people between 1983 and 1984. Strong growth in BC from the late 1980s through the mid-1990s has been followed by a period of relatively modest growth. In recent years, Saskatchewan has been shrinking while Manitoba has posted small, but positive, growth.

As gains from natural increase (births less deaths) continue to decline as the population ages, the ability to attract migrants (both international and internal) will become an even more important source of population growth. Weak international immigration levels and a history of more people moving out of Manitoba and Saskatchewan than moving in place them at a disadvantage compared to BC and Alberta. Nonetheless, all four western provinces will face tough competition from other parts of the country and the world in the race to attract and retain people.

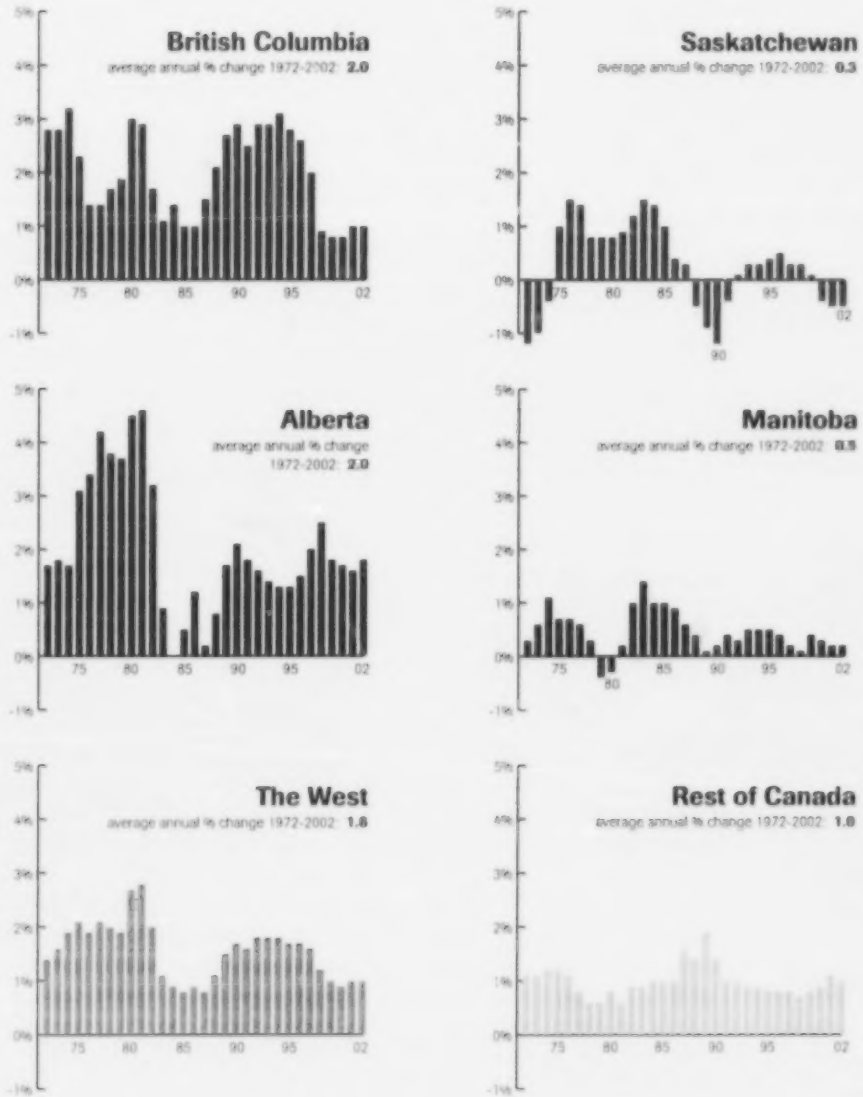
* Nunavut's average annual population growth between 1998 and 2002 was 2.0% compared to 1.9% in Alberta.

Source: Derived from Statistics Canada Census data and annual population estimates.

POPULATION GROWTH

Annual population growth in the western provinces has been marked by periods of high growth and periods of low or negative growth

Figure 4: Annual Percent Change in Population, 1972-2002*



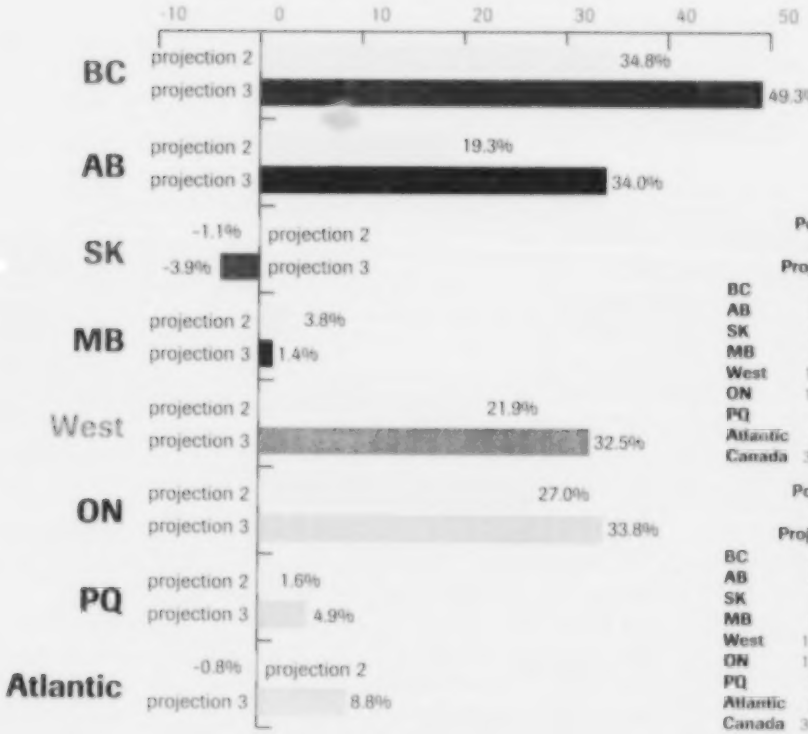
*Percent change from July 1 of the previous year.

Source: Derived from Statistics Canada annual population estimates.

POPULATION GROWTH

Statistics Canada projects that the West will be home to about two to three million more people by 2025 than it is today

Figure 5: Projected Population Growth, 2000-2025



	Population in 2025 Projection 2	Population Change 2000-2025
BC	5,475,900	1,412,100
AB	3,576,600	579,400
SK	1,012,300	-11,300
MB	1,191,800	43,900
West	11,256,600	2,024,100
ON	14,823,400	3,154,100
PQ	7,487,300	114,900
Atlantic	2,356,200	-19,000
Canada	36,044,100	5,294,000

	Population in 2025 Projection 3	Population Change 2000-2025
BC	6,067,900	2,004,000
AB	4,016,400	1,019,200
SK	983,300	-40,300
MB	1,163,600	15,700
West	12,231,100	2,998,600
ON	15,611,400	3,942,100
PQ	7,730,600	358,200
Atlantic	2,584,300	209,000
Canada	38,303,100	7,553,000

Although population projections produced by Statistics Canada are based on trends that may change, they provide some sense of how western Canada's population may evolve over the next 20 years.

According to the medium-growth scenario (projection 2), there will be about 2 million more people living in the West in 2025 than there were in 2000. This yields a percent change of 21.9%. Virtually all of the growth will take place in BC and Alberta with Saskatchewan and Manitoba remaining roughly the same size as they are today. According to the high-growth/strong interprovincial migration to BC and Alberta scenario (projection 3), the West will grow by almost 3 million people with BC and Alberta once again accounting for virtually all of the growth. Over the previous 25 years (1975-2000), the West grew by about 3 million people.

Ontario is projected to grow by approximately 3 to 4 million people by 2025 and will continue to be larger than the combined population of the four western provinces.

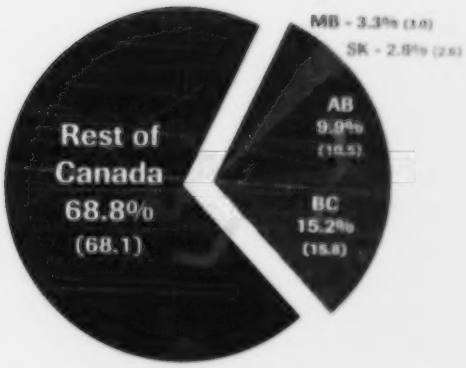
Statistics Canada produces population projections based on four scenarios. Projection 1 is a low growth scenario, Projection 2 is a medium growth scenario, Projection 3 is a high growth/strong interprovincial migration to BC and AB scenario, and Projection 4 is a high growth/strong interprovincial migration to central Canada. Source: Derived from Statistics Canada population projections (Catalogue 91-520).

POPULATION GROWTH

The West's share of the national population is not projected to increase by more than 1 or 2 percentage points

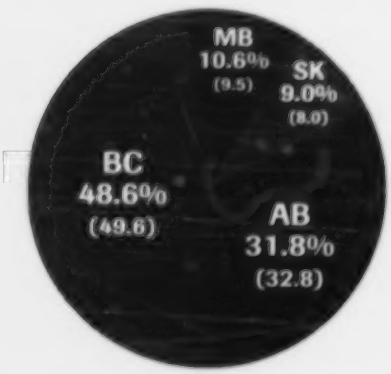
Figure 6: Projected Share of National and Regional Population in 2025

The Western Provinces
as a Percentage of Canada's Population, 2025
Projection 2 - Medium Growth



(Proportions Based on Projection 3 -
High Growth/High BC-AB Migration - are shown in brackets)

The Western Provinces
as a Percentage of Western Canada's Population, 2025
Projection 2 - Medium Growth



(Proportions Based on Projection 3 -
High Growth/High BC-AB Migration - are shown in brackets)

According to both the medium growth and the high growth/strong interprovincial migration to BC and Alberta scenarios, it is projected that BC and Alberta will account for over 80% of the West's population by 2025.

Nationally, it is projected that the region will increase its current share of Canada's population by 1 or 2 percentage points with BC picking up ground, Alberta holding about steady, and Saskatchewan and Manitoba losing ground. Strong growth in Ontario will see its share of the national population increase from just over 38% today to around 41% in 2025. The percentage of the population living in Quebec and the percentage living in Atlantic Canada are both projected to decrease over this period.

Continued population growth in BC and Alberta means that they will be dealing with the advantages and disadvantages associated with adding hundreds of thousands of people to their populations (e.g., increased demand for services, an expanding labour market, insufficient infrastructure).

Saskatchewan and Manitoba will enjoy a greater degree of demographic stability in the years ahead, but they will have to address the issues associated with a lack of population growth (e.g., a stagnant tax base, out-migration of young workers, shrinking market shares).

It is important to note that even though the populations of Saskatchewan and Manitoba are not projected to grow over the next 20 years, areas within them such as major cities may grow as people move from one part of the province to another. They are not, therefore, entirely immune to the challenges of population growth.

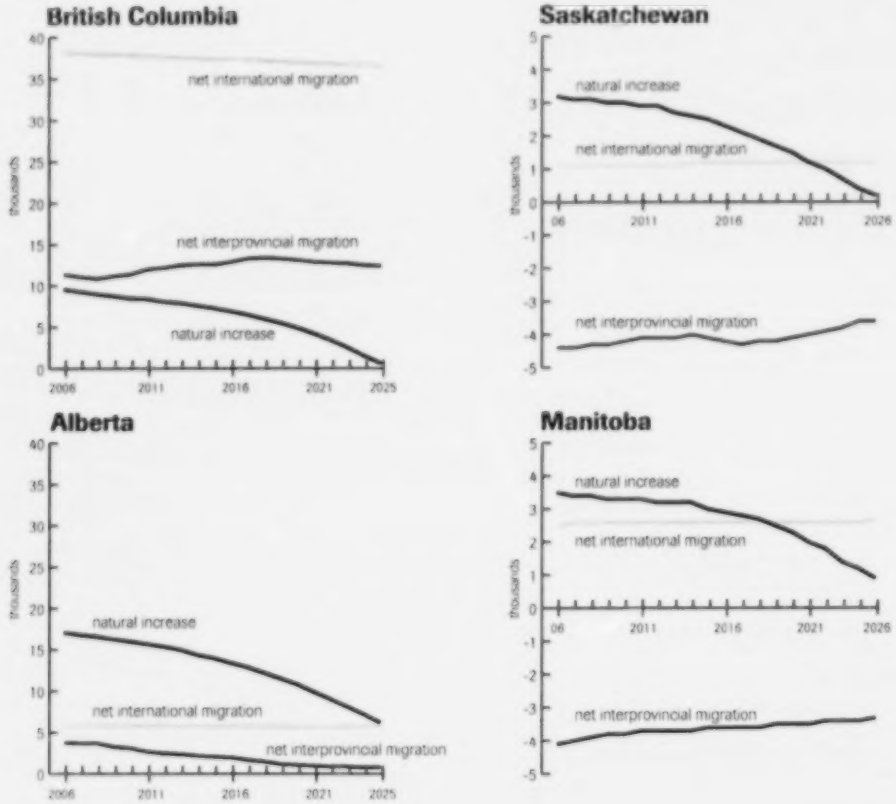
See the note on page 6

Source: Derived from Statistics Canada population projections (Catalogue 91-520)

POPULATION GROWTH

The contribution of natural increase to population growth will taper off in all four western provinces

Figure 7: Components of Projected Population Growth, 2006-2025 (medium-growth scenario*)



From a public policy perspective, the most malleable components of future population growth are the inflows of international and interprovincial migrants into a province. The decline in the contribution of natural increase (births less deaths) is the result of low fertility rates and the aging of the population. These trends are fairly stable over time and are not likely to change in the short- or medium-terms.

The movement of people, on the other hand, is much harder to predict and significantly more open to proactive public policy manipulation. The challenge facing the western provinces is to find ways to attract and retain skilled migrants from other parts of the country and around the world. Equally important will be public policies designed to promote regional prosperity and, thereby, reduce out-migration.

Figure 7 is based on Statistics Canada Projection 2 (see the note on page 6).
Source: Derived from Statistics Canada population projections (Catalogue 91-520).

2. IMMIGRATION

"Few countries have been as greatly affected by the currents of international migration as has Canada."

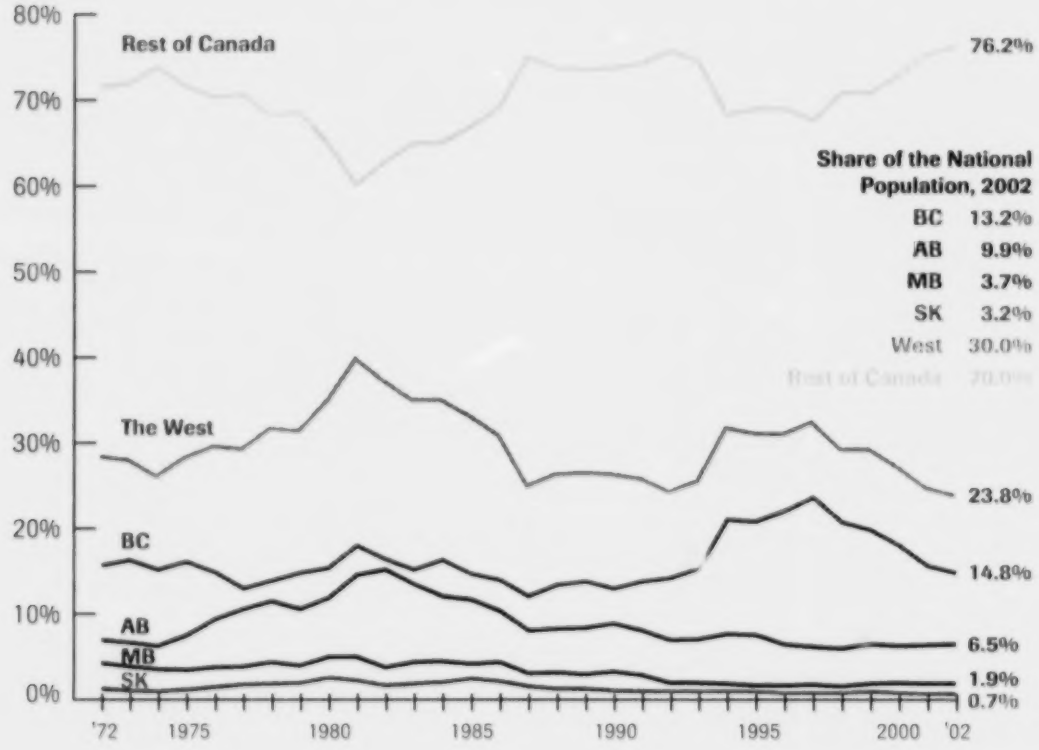
– Roderic Beaujot and Kevin McQuillan
Growth and Dualism: The Demographic Development of Canadian Society

- Immigration is a key component of population growth and will increase in importance as the contribution of natural increase (births less deaths) decreases.
- Fewer immigrants come to the West than its share of the national population warrants.
- British Columbia is the main destination of immigrants to the West.
- Over 1.5 million immigrants came to the West between 1972 and 2002, with most going to large cities.
- Over 1.6 million westerners were born in foreign countries; BC has the highest percentage in this respect (26.1%) and Saskatchewan has the lowest (5.0%).

IMMIGRATION

In recent years, the West has taken in fewer immigrants than its population share warrants

Figure 8: Share of Immigrants to Canada, 1972-2002 (% of annual national total)



	Number of Immigrants 2002	Number of Emigrants 2002	Net Immigration 2002
CANADA	255,888	71,042	184,846
BC	37,794	9,594	28,200
AB	16,568	8,543	8,025
SK	1,814	1,202	612
MB	4,810	1,944	2,866
West	60,986	21,283	39,703
ROC*	194,902	49,759	145,143

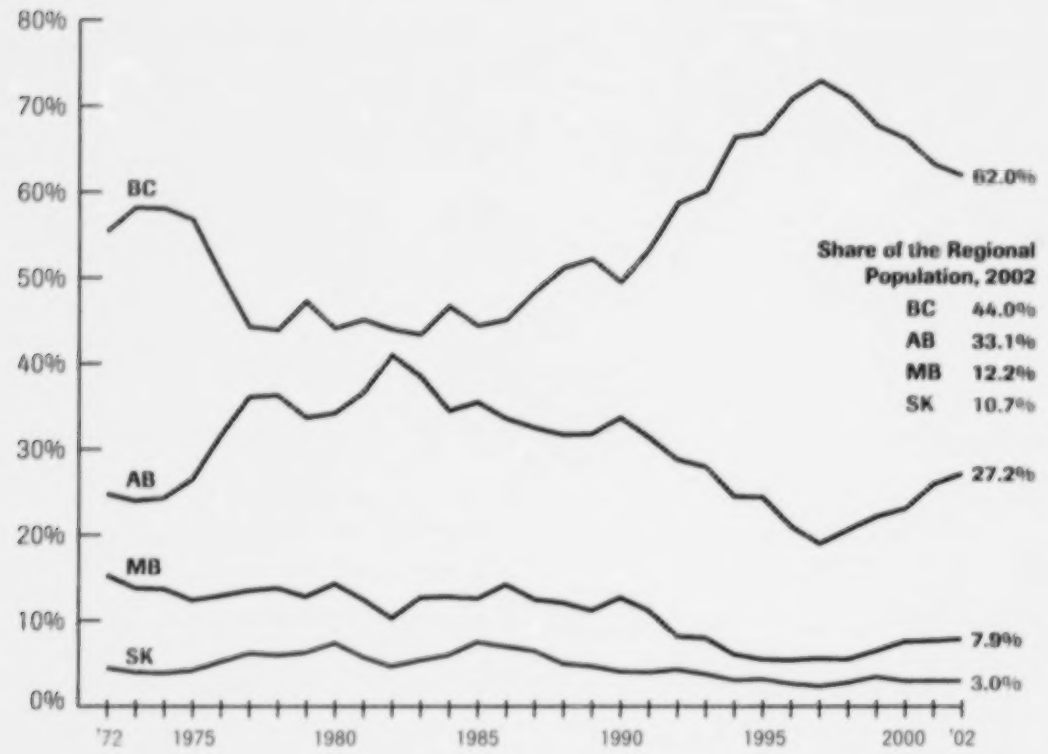
Of the almost 256,000 immigrants who came to Canada in 2002, just under 61,000 (23.8%) settled in western Canada. With a 30% share of the national population, this puts the region's immigration intake well below the relative size of its population. Strong inflows into Ontario in recent years (152,825 in 2002; 59.7% of the total) combined with slightly weaker inflow into BC account for the drop in the West's share. With the exception of the period from 1976 to 1986, Alberta's intake has been below its share of the national population. Manitoba does a bit better than Saskatchewan, but both provinces absorbed a smaller share of immigrants in 2002 than their population shares warrant.

*Rest of Canada. Source: Derived from Statistics Canada data (CANSIM table 510004).

IMMIGRATION

BC is the main destination of immigrants to western Canada

Figure 9: Provincial Shares of Immigrants to the West, 1972-2002 (% of annual western total)



Almost two-thirds of immigrants to western Canada chose BC as their destination in 2002 – a significantly higher proportion than its share of the regional population (44.0%). This figure has fallen from the peak reached in 1997 (70.3% or 53,121 immigrants) but remains well above the shares of the other three western provinces.

To some degree, immigration inflows reflect the economic fortunes of provinces. This is demonstrated by the rise in the number of immigrants coming to Alberta in the last few years and the accompanying drop in the number coming to BC.

In the race to attract and retain skilled labour from other parts of the world, BC has a distinct advantage given its history of high levels of immigration. Saskatchewan sits at the other end of the continuum and is faced with overcoming chronically low levels of immigration.

Source: Derived from Statistics Canada data (CANSIM Table 510004)

IMMIGRATION

Over 1.5 million immigrants have come to the West since 1972

Figure 10: International Migration, 1972-2002

	Total Immigrants	Total Emigrants	Total Net Immigration	Average Annual Net
CANADA	5,305,294	1,025,117	4,280,177	138,070
BC	875,499	143,841	731,658	23,602
AB	438,322	143,202	295,120	9,520
SK	65,690	19,006	46,684	1,506
MB	153,288	36,936	116,352	3,753
West	1,532,799	342,985	1,189,814	38,381
Rest of Canada	3,772,495	682,132	3,090,363	99,689

Although the definition of what constitutes an emigrant from Canada has changed (see the note below), it is still worthwhile to examine this side of the equation. Simply put, a lot more people come to Canada (including the western provinces) than leave. On average, the West has netted 38,381 people every year since 1972 from the movement of people in and out of the country. This adds up to almost 1.2 million new western Canadians in 31 years. Even in Saskatchewan, which has experienced relatively low levels of immigration, the net number of immigrants has been significant at 46,684 or 4.6% of its current population.

After arriving in a particular western province, some immigrants end up moving within the region or to other parts of the country, but many remain and add to not only the province's population base, but also the richness of its culture.

Although the number of people emigrating to other countries from Canada is lower than the number coming in, concerns have been raised about the effects of "brain drain" on the economy. Losing even small numbers of highly skilled individuals such as doctors or software developers can be a serious blow to the labour pool. The cost of educating people who later leave the country is also a concern. As a result, making the West a place where people want to stay is critically important.

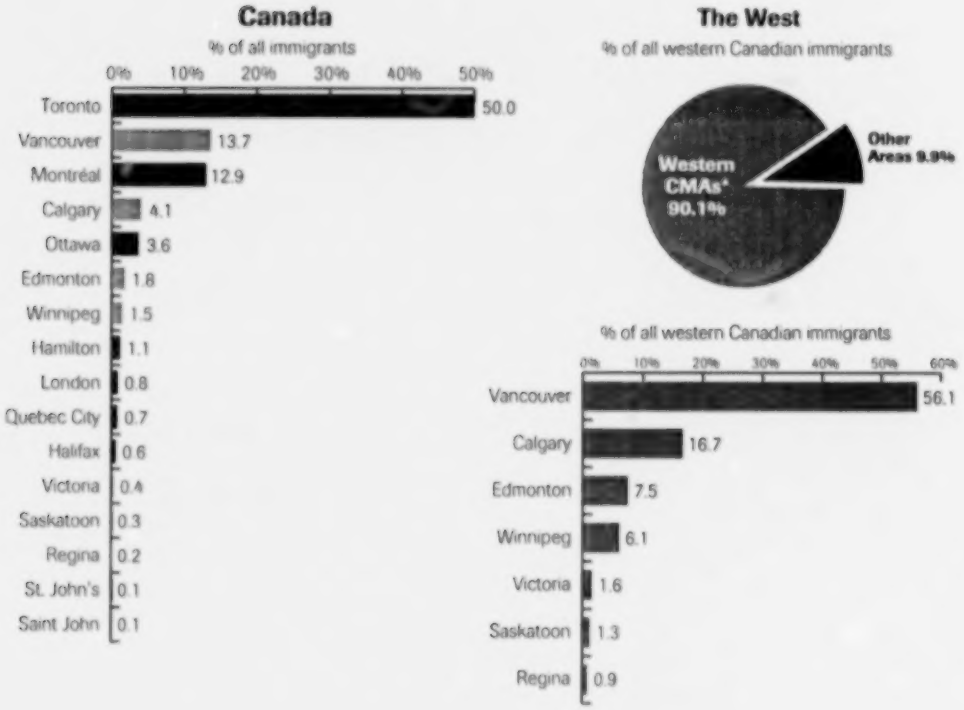
There is a break in the emigration time series caused by a change in the way Statistics Canada defines total emigration. Prior to July 1, 1996 the number of total emigrants was equal to the difference between permanent emigrants and returning emigrants. As of July 1, 1996, changes in the number of people temporarily abroad who do not maintain a residential link to Canada are also taken into account. As a result of this change, emigration levels are much higher after July 1, 1996 than in previous years.

Source: Derived from Statistics Canada data (CANSIM Table 510004).

IMMIGRATION

Large urban centres are the main destinations of immigrants

Figure 11: Destination of Immigrants, 2001



Immigration is a largely urban phenomenon with 9 in 10 immigrants to western Canada going to the region's seven large cities in 2001. Nationally, three cities – Toronto, Vancouver, and Montréal – are the main destination of immigrants; over three-quarters of the immigrants who came to Canada in 2001 chose to settle in one of these three cities.

Within the West, Vancouver was the destination for over half of immigrants to the West in 2001, followed by Calgary at 16.7% of the total and Edmonton at 7.5%.

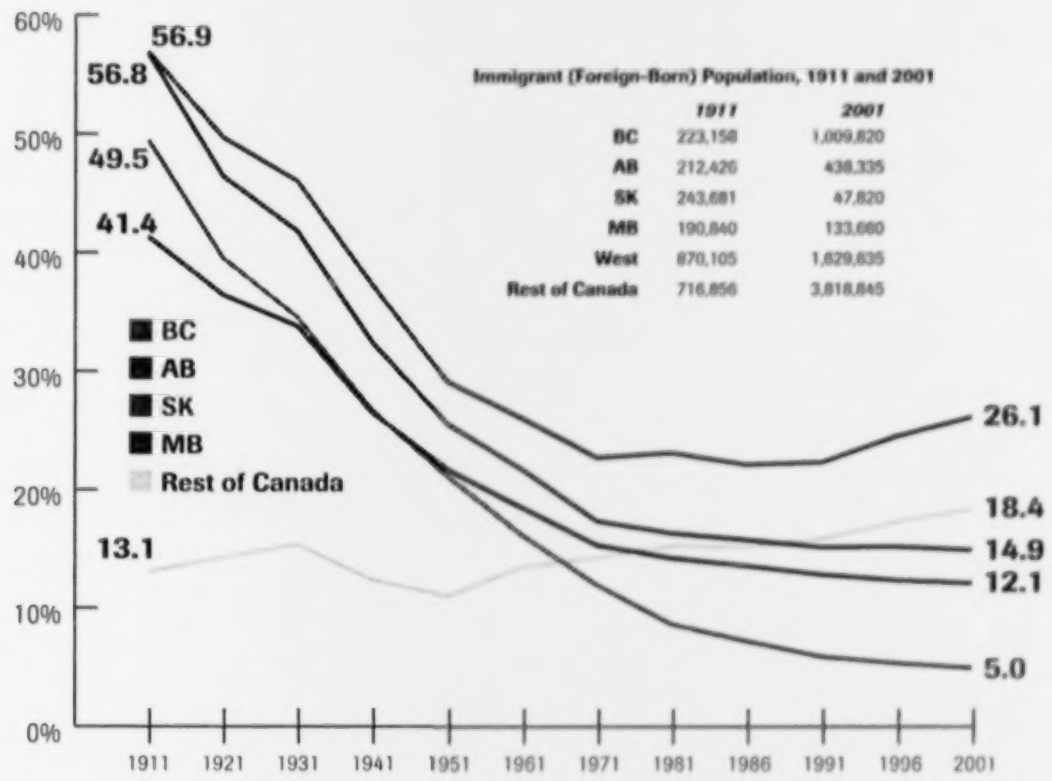
* CMA = Census Metropolitan Area. Abbotsford, BC was recently redefined as a CMA, but was not included in the most recent edition of the source.

Source: Derived from Citizenship and Immigration Canada, *Facts and Figures 2001*

IMMIGRATION

The West's foreign-born population is much smaller today than it was 90 years ago

Figure 12: Immigrant (Foreign-Born) Population, 1911-2001 (% of total)



Immigrant (Foreign-Born) Population, 1911 and 2001

	1911	*2001*
BC	223,158	1,009,820
AB	212,426	438,335
SK	243,681	47,820
MB	190,840	133,680
West	870,105	1,629,635
Rest of Canada	716,856	3,818,845

The large flow of immigrants into the West in the early part of the 20th century caused the proportion of foreign-born residents in the region to reach just over half of all residents in 1911. By 2001, only 18.4% of western Canadians were foreign-born. Nonetheless, in absolute terms, the West's foreign-born population is almost twice the size today as it was in 1911. These numbers highlight the long tradition of immigration to the West and its role in the region's development.

Within the West, BC leads the region with over a quarter (1,009,820) of its residents in the foreign-born category while Saskatchewan has both the smallest proportion and number of foreign-born residents at 5.0% of its population, or 47,820 immigrants.

During the first half of the 20th century, most immigrants to Canada came from the United Kingdom, other parts of Europe, and the US. Changes to Canada's immigration policy in the 1960s and 1970s removed restrictions based on national origin and immigrants from a broad range of countries, particularly Asian countries, began to arrive in Canada in large numbers. By 2001, 53.0% of immigrants to Canada came from Asia.

The foreign-born (immigrant) population includes people who are, or have been, landed immigrants in Canada.
Source: Derived from Statistics Canada Census data.

IMMIGRATION

The western provinces have large foreign-born populations

Figure 13: Immigrant (Foreign-Born) Population by Province, 2001

Ontario has the largest foreign-born population in the country, followed by BC and Quebec. When the number of foreign-born residents is measured as a percentage of provincial population, however, Alberta and Manitoba both sit above Quebec. Saskatchewan is something of an outlier in the West with only 5.0% of its population in the foreign-born category. In this regard, Saskatchewan more closely resembles the provinces of Atlantic Canada than its western neighbours.

In addition to enriching the cultural diversity of provinces, immigrant populations provide a strong basis upon which to encourage future inflows of immigrants into a province. Existing immigrant populations and their offspring are able to help new immigrants settle in the country and make coming to a particular province significantly less daunting.

Foreign-born residents and their offspring also provide important cultural and business links to the global community – links that contribute to the West's prosperity and quality of life.

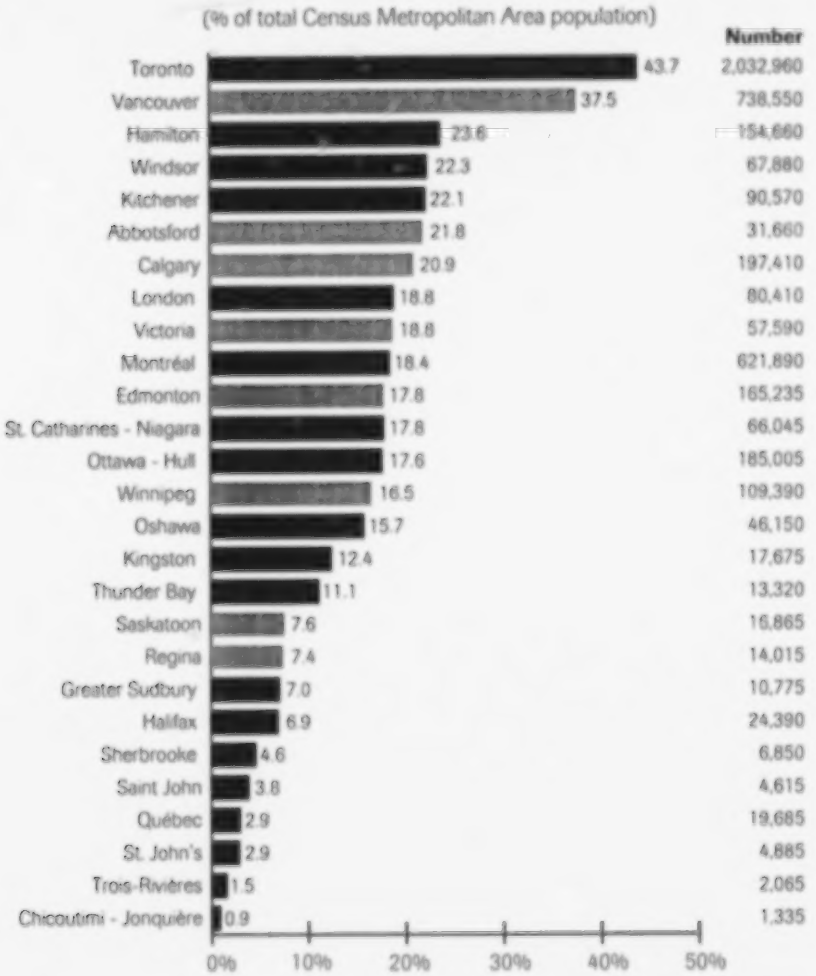
The international heritage of western Canada's population, combined with large numbers of Aboriginal people, make the region a very dynamic and culturally rich place to live, work, and visit. This richness will be further enhanced as more and more immigrants continue to choose the West as a place to put down roots.

The foreign-born (immigrant) population includes people who are, or have been, landed immigrants in Canada.
Source: Derived from Statistics Canada Census data

IMMIGRATION

Large cities are home to most of the West's foreign-born residents

Figure 14: Immigrant (Foreign-Born) Population by Census Metropolitan Area, 2001



Because most immigrants to Canada choose large cities as their destination, the foreign-born population is concentrated in large urban areas. In the West, 82.0% of BC's foreign-born population lives in Vancouver, Victoria, and Abbotsford, 82.7% of Alberta's foreign-born population lives in Calgary and Edmonton, 64.6% of Saskatchewan's foreign-born population lives in Regina and Saskatoon, and 81.8% of Manitoba's foreign-born population lives in Winnipeg.

The foreign-born (immigrant) population includes people who are, or have been, landed immigrants in Canada
Source: Derived from Statistics Canada Census data

3. INTERPROVINCIAL MIGRATION

"Gross flows between provinces matter because this explains the extent to which individuals in any one region have ties to another region based on previous residence."

– Marc Vachon and François Vaillancourt
"Interprovincial Mobility in Canada, 1961-1996"

- Between 1972 and 2002, over 10 million people moved in and out of the western provinces.
- The West has been a net recipient of interprovincial migrants, gaining almost half a million more people than it lost between 1972 and 2002.
- Within the West, British Columbia and Alberta were net recipients of interprovincial migrants between 1972 and 2002 while Saskatchewan and Manitoba lost a combined total of 339,422 people.
- More people have been leaving British Columbia than moving in since 1998, leaving Alberta as the only net recipient of interprovincial migrants in the region.
- Most people who move out of a western province move to another western province.

INTERPROVINCIAL MIGRATION

Significantly more Canadians have moved into the West than out of it since 1972

Figure 15: Interprovincial Migration, 1972-2002

	Total Out	Total In	Total Net	Annual Net Rate*	Total Net as % of Population at End of Period
British Columbia	1,488,732	1,971,053	482,321	0.5%	11.6%
Alberta	1,768,982	2,116,247	347,265	0.5%	11.2%
Saskatchewan	769,172	588,999	-180,173	-0.6%	-17.8%
Manitoba	750,607	591,358	-159,249	-0.5%	-13.8%
Ontario	2,456,755	2,584,631	127,876	0.04%	1.1%
Quebec	1,295,417	811,023	-484,394	-0.2%	-6.5%
New Brunswick	451,593	441,539	-10,054	-0.04%	-1.3%
Nova Scotia	590,973	587,666	-3,307	-0.01%	-0.4%
P.E.I.	96,029	102,254	6,225	0.2%	4.4%
Newfoundland & Lab.	385,234	277,249	-107,985	-0.6%	-20.3%
The North	198,910	180,385	-18,525	-0.6%	-18.5%
The West	4,777,493	5,267,657	490,164	0.2%	5.2%
Rest of Canada	5,474,911	4,984,747	-490,164	-0.1%	-2.2%

Over time and as a region, the West has been a winner in the interprovincial migration game. Almost half a million more people moved into the region than moved out (excluding international migration) between 1972 and 2002. In absolute terms, Quebec lost the most residents to other parts of the country between 1972 and 2002 (-484,394). As a percentage of provincial population, however, Newfoundland posted the largest net loss (the net number of people who left Newfoundland and Labrador between 1972 and 2002 is equivalent to 20.3% of its current population). Large percentages of people also left Saskatchewan, Manitoba, and the northern territories.

Within the West, there is a clear divide between BC and Alberta on the one hand, and Saskatchewan and Manitoba on the other. BC added 482,321 people to its population through interprovincial migration over the 1972-2002 period and Alberta added 347,265. Over the same period, Saskatchewan lost 180,173 people and Manitoba lost 159,249. In both cases, many of those losses were gains for BC and Alberta.

In addition to net gains and losses, the above figure illustrates the tremendous amount of population churn that has taken place over the last three decades. For example, almost 3.9 million people have moved in and out of Alberta since 1972. Although some of the 3.9 million may be the same people moving in and out of the province more than once, it still represents a tremendous number of interprovincial moves, and highlights the mobility of large portions of the Canadian population. From a policy perspective, this begs the question of whether or not to focus on attracting residents, retaining them, or both at once.

As Figure 16 illustrates, net gains in BC and Alberta since 1972 mask a fair degree of fluctuation in the annual level of net interprovincial migration.

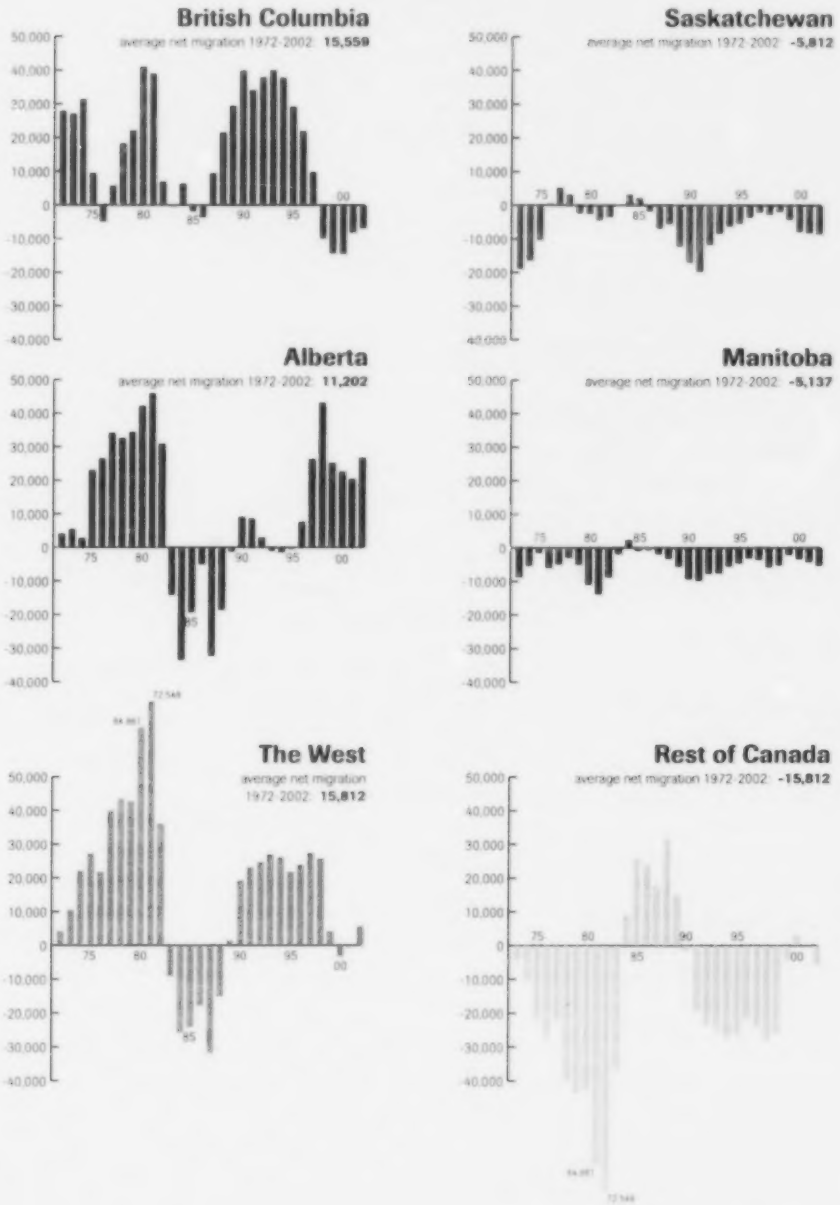
* Annual Net Rate = Annual net migration as a percentage of the total population of each year averaged over the period in question.

Source: Derived from Statistics Canada data (Catalogue 91-213 and CANSIM Table 510019).

INTERPROVINCIAL MIGRATION

BC has been losing residents to other parts of the country in recent years while Alberta has been gaining them; Saskatchewan and Manitoba have been losing residents for many years

Figure 16: Net Interprovincial Migration, 1972-2002

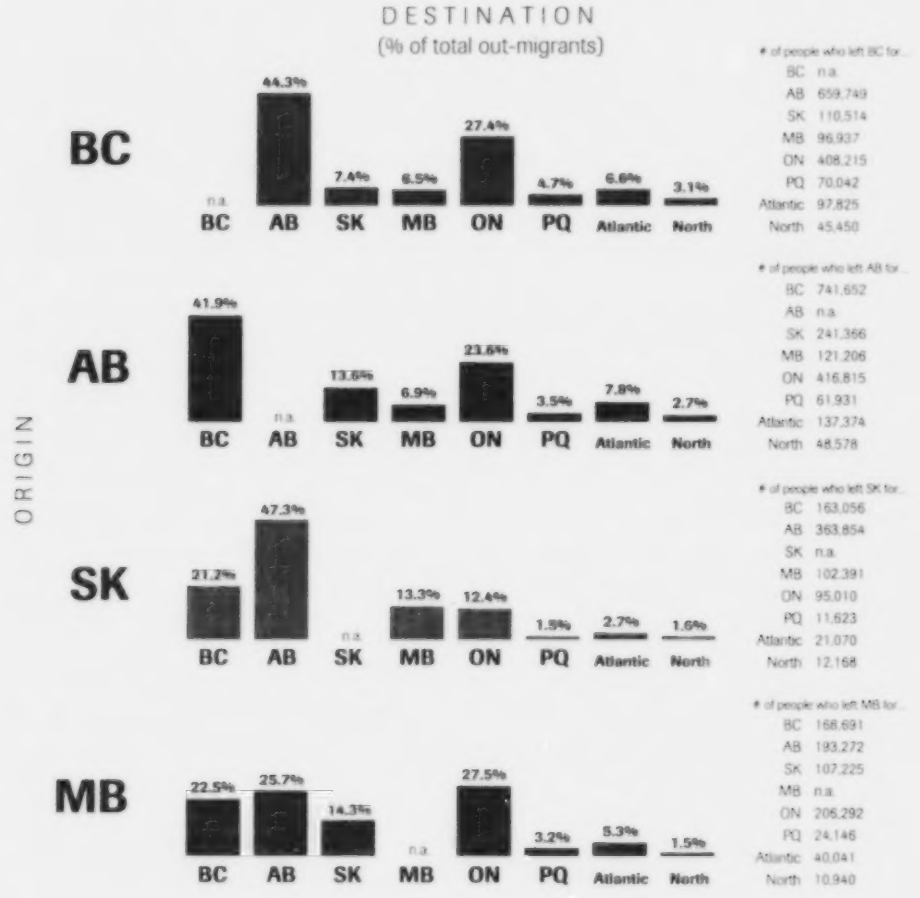


Source: Derived from Statistics Canada data (Catalogue 91-213 and CANSIM Table 510019).

INTERPROVINCIAL MIGRATION

Most people who leave a western province move to another western province

Figure 17: Destination of Interprovincial Migrants, 1972-2002



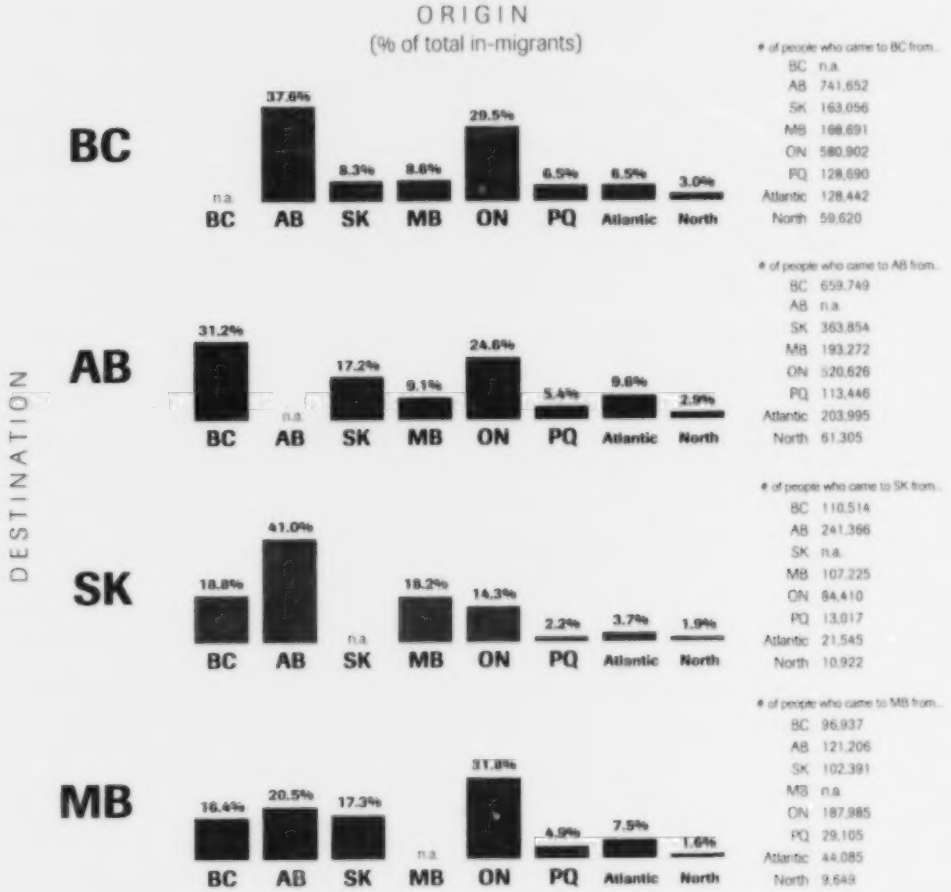
When western Canadians move from one part of the country to another, they tend to move to another western province. The proportion leaving for another western province is highest at 82.1% among interprovincial migrants leaving Saskatchewan over the 1972-2002 period followed by Manitoba at 62.5%, Alberta at 62.4%, and BC at 58.2%. BC and Alberta are the most popular western destinations with Ontario being the most popular non-western destination. In absolute terms, the largest number of people moving from one western province to another province is the 741,652 Albertans who moved to BC at some point between 1972 and 2002. The outflow of British Columbians to Alberta was almost as high at 659,749. Over this same period, 363,854 people left Saskatchewan for Alberta and 241,366 Albertans headed to Saskatchewan. Manitoba's pattern of out migration is split a bit more evenly among the other three western provinces but favours BC and Alberta.

Source: Derived from Statistics Canada data (Catalogue 91-213 and CANSIM Table 510019)

INTERPROVINCIAL MIGRATION

Despite the small size of its population relative to other regions, almost 400,000 people left Atlantic Canada for the West between 1972 and 2002

Figure 18: Origin of Interprovincial Migrants, 1972-2002



The large number of people moving from one western province to another creates family and social connections that cross provincial borders and help tie the region together. This may help explain survey results that indicate a high degree of identification among westerners with their region and a fair amount of attitudinal cohesion among residents of the four different provinces.

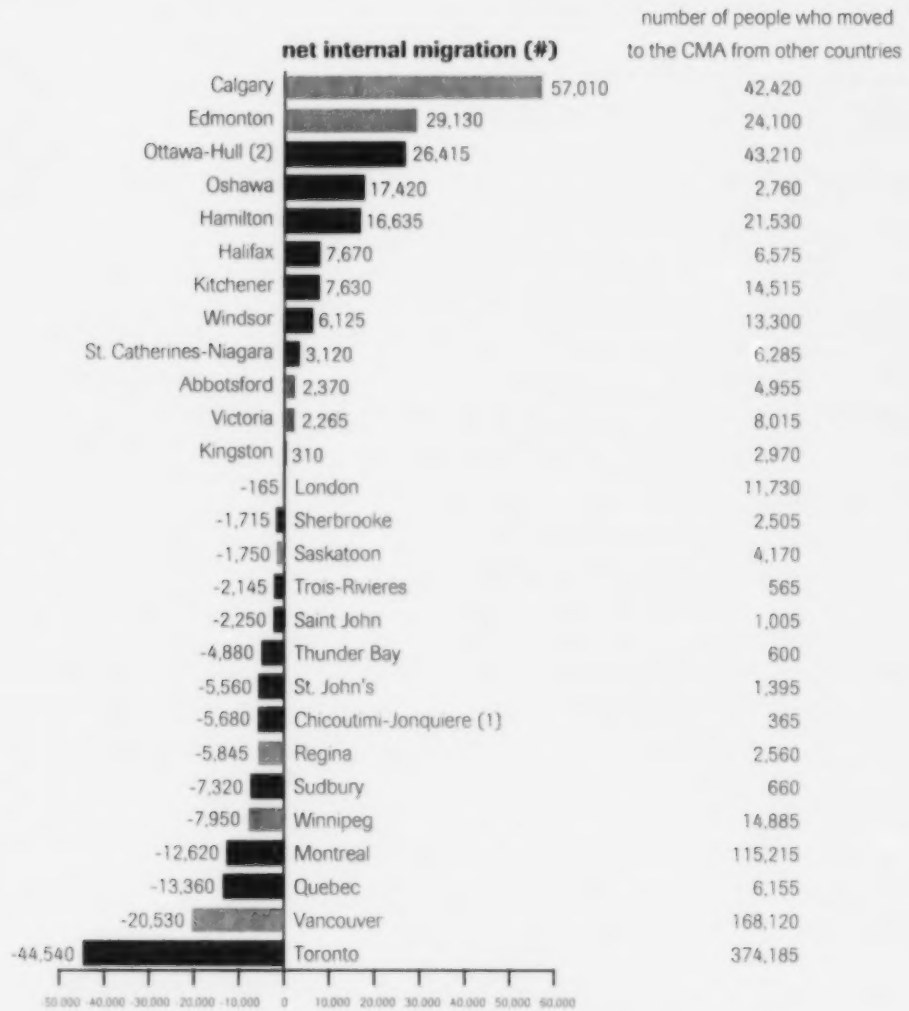
When the polarity is reversed and we look at where interprovincial migrants come from rather than where they go, we find that slightly more people came to the West from Ontario, Quebec, the Atlantic provinces, and the North than left the West for these parts of the country.

Source: Derived from Statistics Canada data (Catalogue 91-213 and CANSIM table 510019).

INTERPROVINCIAL MIGRATION

Calgary and Edmonton lead the nation's large cities in gains from internal migration

Figure 19: Migration to and from Census Metropolitan Areas, 1996-2001



Most large cities in Canada – including Regina, Saskatoon, Vancouver, and Winnipeg – lost residents to other parts of the country between the 1996 Census and the 2001 Census. Calgary and Edmonton lead the country in gains from internal migration while Abbotsford and Victoria posted modest gains.

Most large cities, however, continued to grow through natural increase and international migration. Calgary and Edmonton are 2 of only 4 large cities that gained more people from internal migration than from international migration.

Internal migration refers to the movement of people within Canada including moves within provinces.
Source: Statistics Canada Census data

4. POPULATION AGING

"As Canada moves into the twenty-first century, the study of aging will increase in importance. Our country's population will have more older people than ever before. These people will make new demands on Canada's health care, retirement income, and housing resources. They will also bring to old age new interests, new skills, and a new perspective on aging."

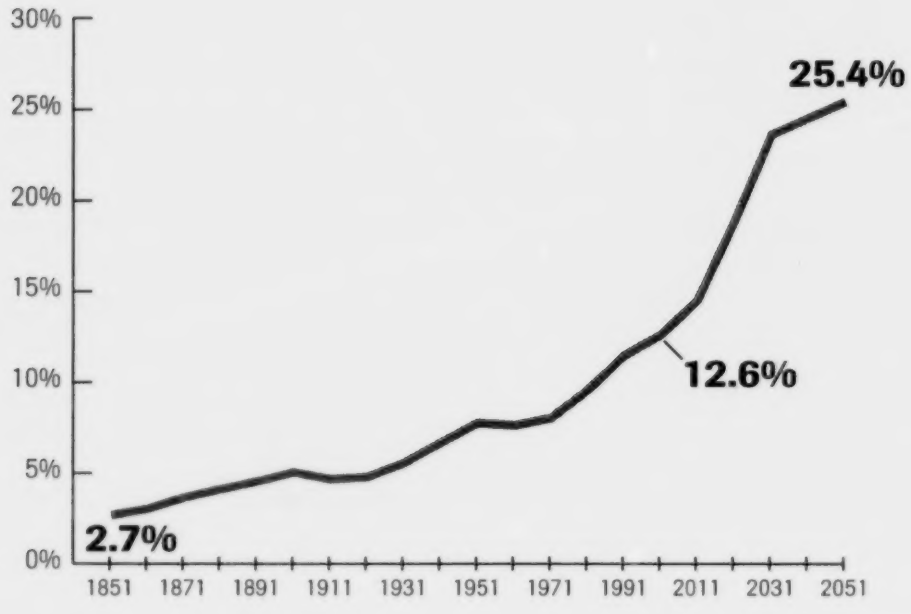
– Mark Novak
Aging and Society: A Canadian Perspective, Third Edition

- Population aging is a predictable and stable trend with significant economic and social implications that require a policy response in the present to adequately prepare for the future.
- The proportion of the population over 65 years of age is the highest it has ever been and will rise rapidly when the baby boomers start to reach 65 after 2010.
- Conversely, the proportion of the population under 15 years of age is at its lowest point and is projected to gradually decline over the next 20 years.
- The aging of the population will increase demand for a range of public services including pensions, housing, and health care.
- A smaller percentage of the population in the working age category (15-64) relative to the under 15 and 65+ categories will place significant strain on public finances.

POPULATION AGING

The aging of the population will have a profound affect on public policy

Figure 20: Percentage of Canadians 65 and Over, 1851-2051



Advances in medicine and health care and a higher standard of living are allowing Canadians to live much longer than they did in the past, and help explain the increasing proportion of "seniors" (Canadians 65 years of age and over) in the population. A return to low fertility rates after the baby boom is also contributing to the "aging" of the population. (The effect of the baby boom is reflected in the temporary flattening of the upward trend in the proportion of seniors in the population between 1951 and 1971, evident in Figure 20 above.) Barring another sustained spike in fertility rates, the population will age even faster as the large number of Canadians born during the baby boom start turning 65 after 2010. The aging of the population represents a profound change to the character of Canadian society and will affect a broad range of policy areas including health care, education, income support, and housing.

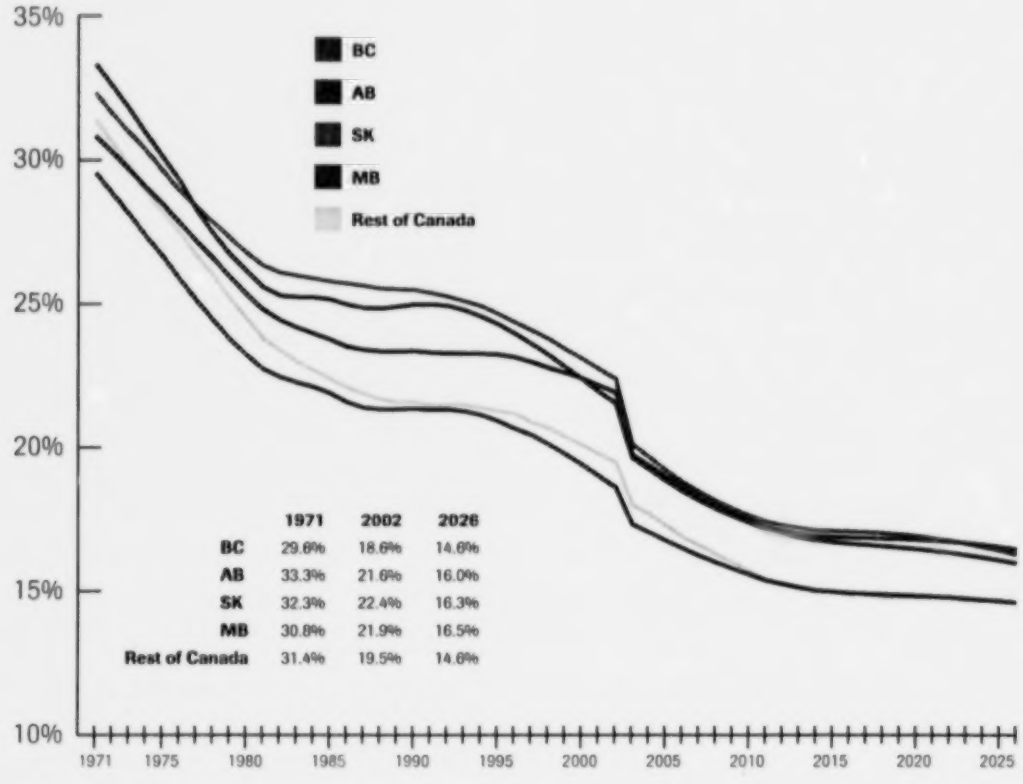
The aging of the population is sometimes referred to as a "crisis." Unlike a sudden drop in the value of a country's currency, a breakdown in diplomatic negotiations, or a shortfall in government revenues, however, the increasing proportion of seniors in the population is not a "problem" to be solved. The aging of the population is a long-term trend that will enrich our society and create new opportunities. Nonetheless, it will require significant adjustments on the part of Canadians to ensure that the social institutions that assist seniors continue to be effective.

Projections are based on the medium-growth scenario (Projection 2) – see the note on page 6
Source: Derived from Statistics Canada Census data and population projections (Catalogue 91-520)

POPULATION AGING

The ratio of children to adults is on a downward trend

Figure 21: Percentage of the Population Under 15, 1971-2026



Running parallel to the rising percentage of seniors in the population is the falling proportion of people under 15 years of age. In 1971, the proportion of the population under 15 was close to or over 30% in all four western provinces. By 2002, the proportion had dropped to a low of 18.6% in BC and a high of 22.4% in Saskatchewan. This downward trend is projected to continue throughout the West.

Even though the *percentage* of people under 15 is lower today than it was in 1971, the absolute number of people under 15 in BC and Alberta is actually a bit higher today than in 1971 due to strong overall population growth. The opposite is true for Saskatchewan and Manitoba.

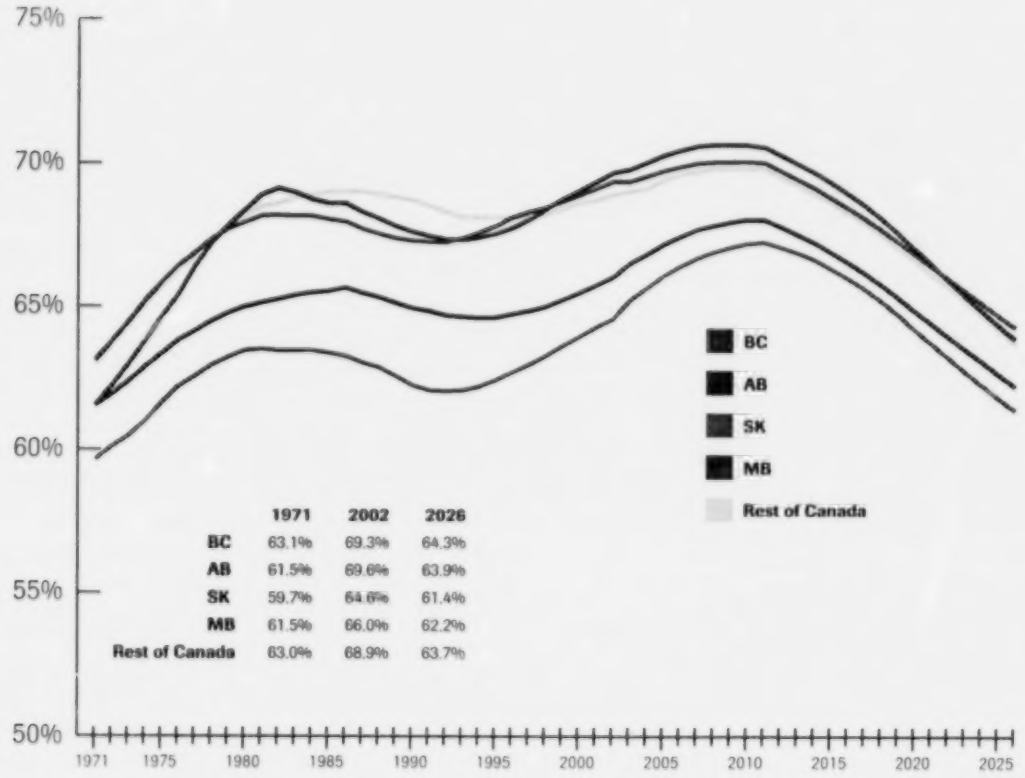
By 2026, it is projected that the absolute number of people under 15 will be less than the number today in Alberta, Saskatchewan, and Manitoba (1,150,373 people under 15 in 2002 compared to 934,638 in 2026). The number of people under 15 in BC is projected to increase slightly by 35,849.

Projections are based on the medium-growth scenario (Projection 2) - see the note on page 6.
Source: Derived from Statistics Canada annual population estimates and population projections (Catalogue 91-520).

POPULATION AGING

The working age population has been growing as a percentage of the population in recent years, but is projected to begin a steady decline after 2010

Figure 22: Percentage of the Population Aged 15-64, 1971-2026



	1971	2002	2026
BC	63.1%	69.3%	64.3%
AB	61.5%	69.6%	63.9%
SK	59.7%	64.6%	61.4%
MB	61.5%	66.0%	62.2%
Rest of Canada	63.0%	68.9%	63.7%

As the population continues to age, more and more people will leave the "working age" category (people 15 to 64 years of age) and join the 65 years of age and over cohort. This is seen in the sharp and steady downward trend in the proportion of people in the 15-64 cohort in all four western provinces and the rest of Canada after 2010.

The contraction of the working age cohort will contribute to projected skills shortages and will have a profound affect on the labour market as large numbers of experienced workers start to retire.

Tax revenues gleaned from employment earnings including Canada Pension Plan contributions (the contributions of current workers pay for the majority of the benefits of current recipients) will also be affected as there are relatively fewer workers to tax to pay for public programs.

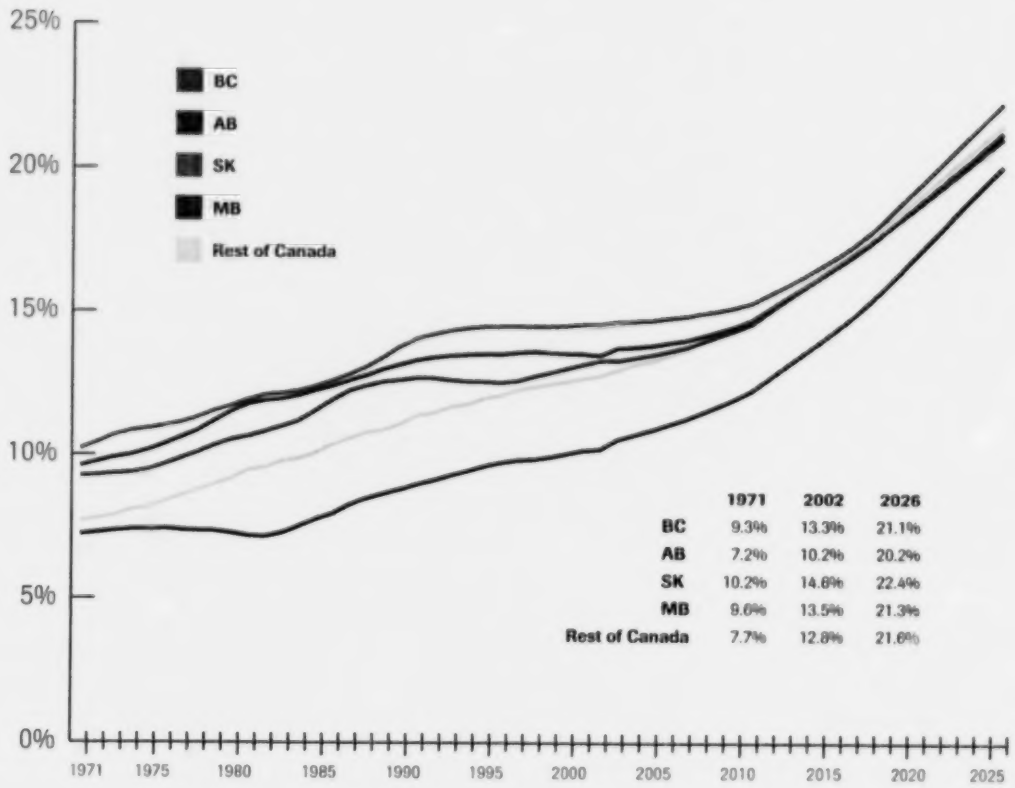
The most promising options for filling gaps in the labour market are immigration, increased Aboriginal participation, and new approaches to retirement. As the population ages, life-long learning and new forms of labour market attachment past the current age of retirement of 65 as well as new methods of transferring knowledge from retiring workers to incoming workers will become more important.

Projections are based on the medium-growth scenario (Projection 2) – see the note on page 6.
Source: Derived from Statistics Canada annual population estimates and population projections (Catalogue 91-520).

POPULATION AGING

The proportion of seniors in the population will rise sharply in all four western provinces

Figure 23: Percentage of the Population 65 and Over, 1971-2026



	1971	2002	2026
BC	9.3%	13.3%	21.1%
AB	7.2%	10.2%	20.2%
SK	10.2%	14.8%	22.4%
MB	9.6%	13.5%	21.3%
Rest of Canada	7.7%	12.8%	21.6%

In 1921, the median age in Canada was 23.9 compared to 37.5 in 2002. The proportion of the population 65 years of age and over in the West currently sits at 12.5% and will rise sharply by 2026 to 20.2% in Alberta at the low end of the range and 22.4% in Saskatchewan at the high end.

There were 1,173,480 seniors living in the West in 2002. This number will more than double to 2,371,229 by 2026 and bring the median age to well over 40 in all four western provinces. As the 65+ cohort increases its relative size, its electoral, economic, and social importance will also increase.

Alberta has a smaller percentage of seniors in its population than its western counterparts. Alberta's population, however, is still aging and, therefore, Alberta faces the same policy challenges as the other western provinces. At the same time, Alberta's slightly less grey population means that it does have a bit more leeway in this policy area than do BC, Saskatchewan, and Manitoba.

Its reputation as a retirement destination notwithstanding, BC does not have un unusually high proportion of seniors in its population.

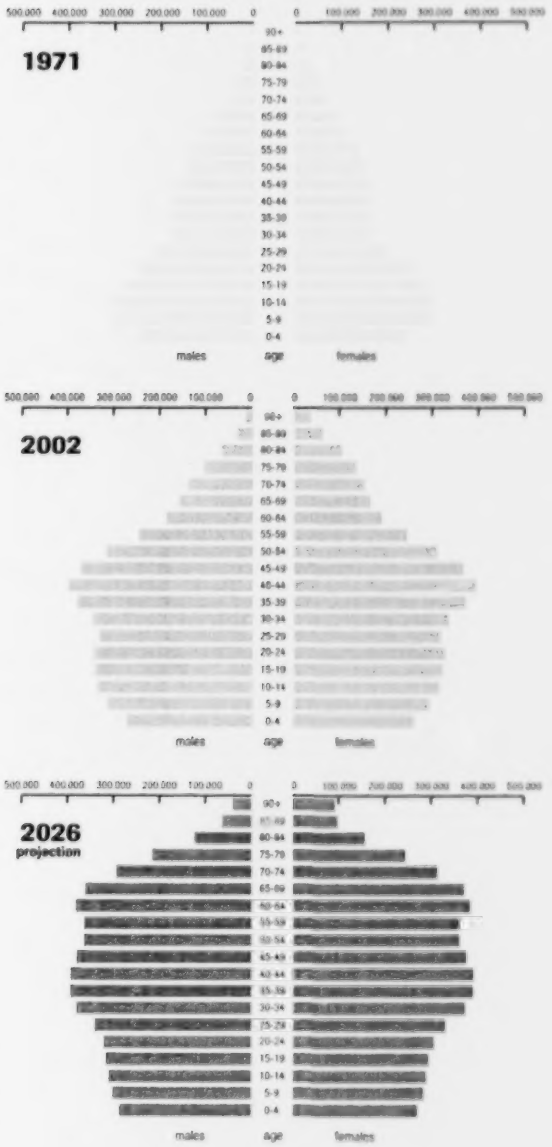
Projections are based on the medium-growth scenario (Projection 2) - see the note on page 6.

Source: Derived from Statistics Canada annual population estimates and population projections (Catalogue 91-520).

POPULATION AGING

The changing shape of the West's population pyramid highlights the aging of the population over time

Figure 24: Western Canada's Population Pyramids, 1971, 2002, and 2026



The shift from a bottom heavy population pyramid to a top heavy one reinforces the dramatic nature of the demographic shifts taking place in western Canada.

The pyramids to the left illustrate the growing size of the older age groups relative to the younger ones and the impending movement of the baby boom bulge into the older age categories.

The policy implications of this shift are clear: public policies that depend on a relatively large tax-paying work force will be in serious jeopardy in the years ahead. These include most of Canada's social programs including health care, pensions, and social services.

The pyramids also highlight the large number of people moving into the oldest age categories (80-89 and 90+), and that these older categories will be dominated by women.

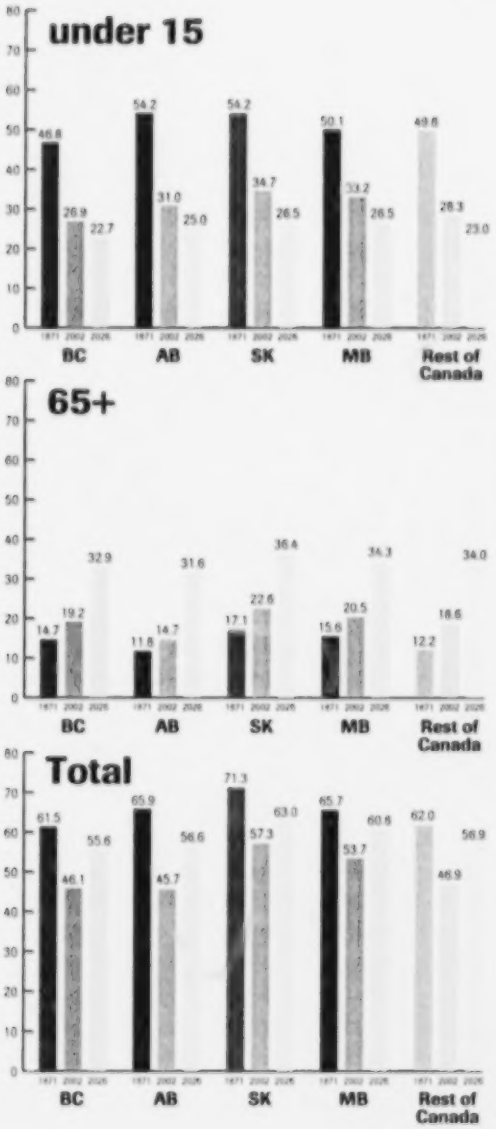
Projections are based on the medium-growth scenario (Projection 2) - see the note on page 6.

Source: Derived from Statistics Canada annual population estimates and population projections (Catalogue 91-520).

POPULATION AGING

All four western provinces are faced with the challenge of rising dependency ratios

Figure 25: Dependency Ratios, 1971, 2002, and 2026



Thirty years ago, there were a lot of children relative to adults. As a result, the under 15 dependency ratio (the number of people under 15 per 100 people 15-64) was much higher than it is today. The under 15 dependency ratio in BC, for example, dropped from 46.8 to 26.9 between 1971 and 2002. Large and relatively young Aboriginal populations in Saskatchewan and Manitoba will help keep their under 15 dependency ratios slightly higher than in BC, Alberta, and the rest of Canada, but they will still fall to well below current levels.

Not surprisingly, the aging of the population will cause the 65+ dependency ratio (the number of people 65 and over per 100 people 15-64) to rise sharply in the years ahead. Saskatchewan will lead the West in this regard with 36.4 people 65 and over per 100 people of working age in 2026.

The total dependency ratio (the number of people under 15 and 65+ per 100 people 15-64) will rise in all four western provinces but is not projected to surpass the 1971 levels. Future dependency ratios, however, will be heavily weighted in favour of people 65 and over. This will affect the demand for public services and, because the costs associated with services for children are not the same as those for seniors, adjustments will have to be made.

Within the West, demographic trends suggest that Saskatchewan and Manitoba will have somewhat higher dependency ratios than BC and Alberta. This will place relatively greater pressure on the public purses of Saskatchewan and Manitoba.

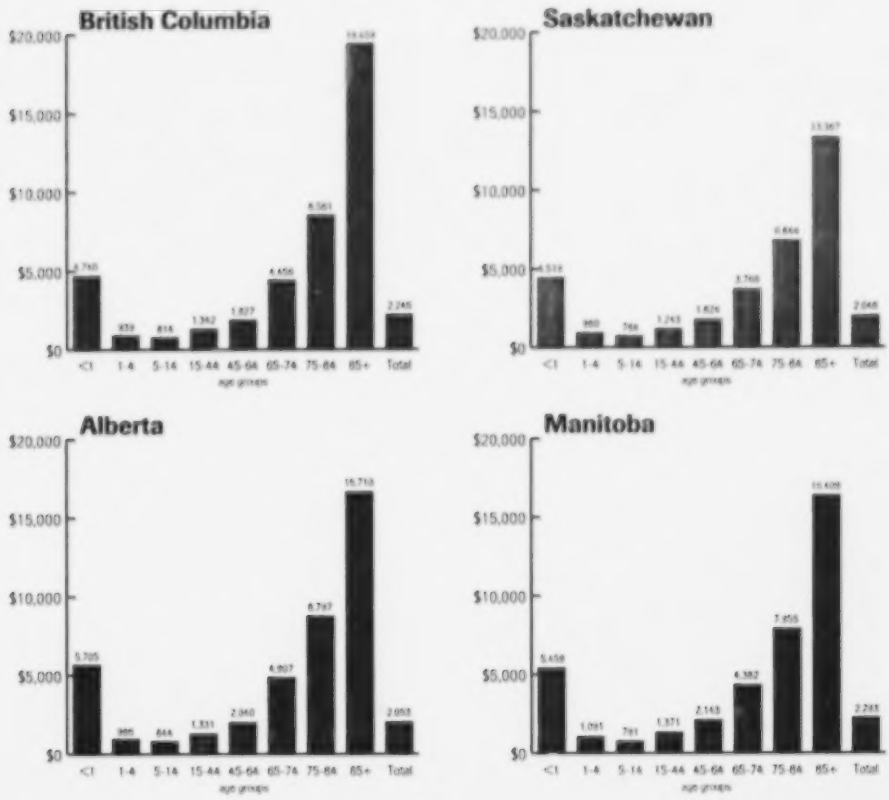
Projections are based on the medium-growth scenario (Projection 2) – see the note on page 6.

Source: Derived from Statistics Canada annual population estimates and population projections (Catalogue 91-520).

POPULATION AGING

The differential costs of providing health care to different age groups illustrate the policy challenges associated with an aging society

Figure 26: Health Spending by Age Group, 2000



Some of the costs of providing programs for a growing proportion of seniors may be offset by savings generated by the decreasing proportion of children in the population. However, because many programs for seniors are more expensive than programs for children, overall costs are likely to rise, and rise sharply. Provincial health care spending on people 65 and over illustrates this point. As the population in the West ages, there will be tremendous upward pressure on health care spending – pressure that is much greater than the downward pressure created by a smaller percentage of children.

The policy challenge is to begin taking action *today* to address the looming jump in health care costs and similar policy challenges rather than wait until later. Creative public policy can do a lot to meet these challenges, but we must move at a faster pace to keep up with the rate of demographic change.

Source: Canadian Institute for Health Information, *National Health Expenditure Trends 1975-2002*

5. VISIBLE MINORITIES

"The growth in the visible minority population during the last several decades was largely the result of immigration patterns. While earlier immigrants were mainly of European descent, new arrivals were more likely to have been born in countries outside Europe."

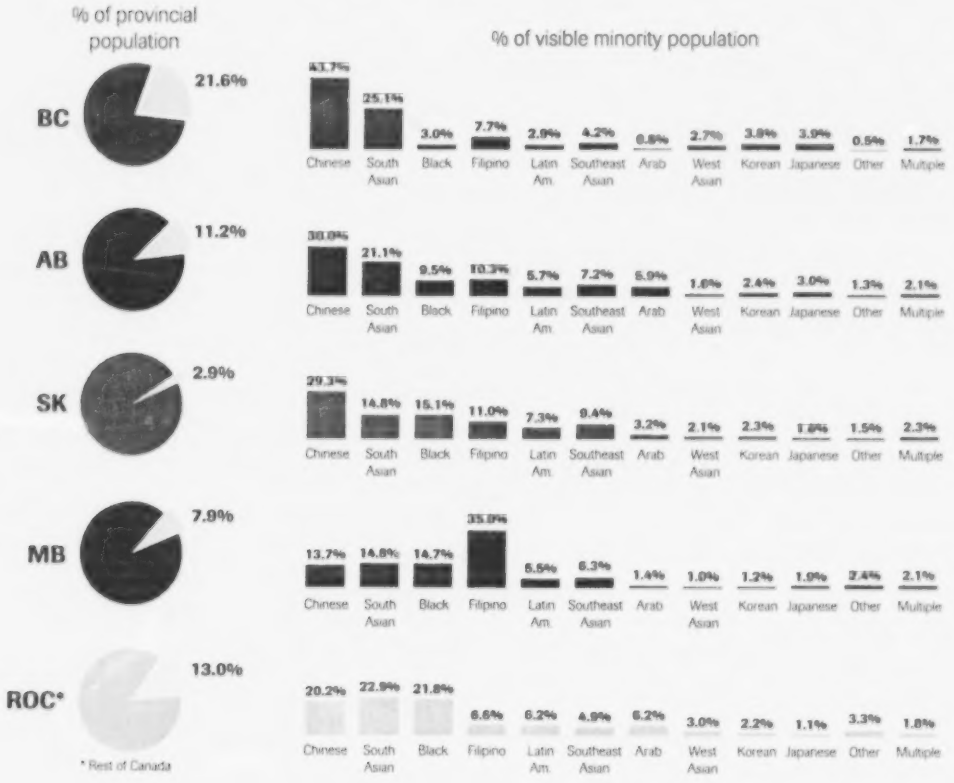
– Statistics Canada
Canada's Ethnocultural Portrait: The Changing Mosaic

- Not including Aboriginal peoples, 14.4% of westerners are visible minorities compared to 13.0% in the rest of Canada.
- Within the West, there is great variation in the percentage of the population who are visible minorities, with BC leading the region at 21.6% and Saskatchewan last at 2.9%.
- Most of the West's visible minority population lives in one of its eight largest cities.
- Vancouver has the West's largest visible minority population.

VISIBLE MINORITIES

The West has a large visible minority population

Figure 27: Visible Minority Population by Province, 2001



Given varying levels of immigration, it is not surprising that the four western provinces differ greatly in the percentage of their populations who are visible minorities. BC leads the West and the country with a visible minority population equal to 21.6% of its population. Ontario has the next largest proportion of visible minorities at 19.1%. In absolute terms, Ontario's visible minority population still dwarfs BC's (2,153,045 compared to 836,440).

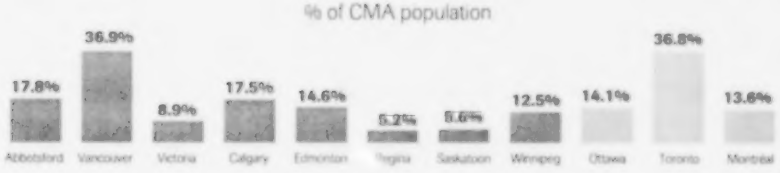
The West's visible minority population was 1,281,055 in 2001 with BC accounting for about two-thirds of this total. Saskatchewan and the Atlantic provinces have very small visible minority populations.

Visible minorities are defined as "persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour."
Source: Derived from Statistics Canada 2001 Census data.

VISIBLE MINORITIES

The majority of the visible minority population lives in large cities

Figure 28: Visible Minority Population by Census Metropolitan Area, 2001



% of visible minority population

	Abbotsford	Vancouver	Victoria	Calgary	Edmonton	Regina	Saskatoon	Winnipeg	Ottawa	Toronto	Montréal
Chinese	6.3	47.2	41.4	31.4	30.4	24.0	31.9	13.2	19.4	23.9	11.4
South Asian	72.5	22.6	21.2	22.3	21.4	16.9	14.9	14.9	15.0	27.7	12.6
Black	2.3	2.5	8.0	8.3	10.4	16.0	12.2	13.9	25.7	18.1	30.4
Filipino	2.5	7.9	6.7	9.9	10.4	10.2	11.8	36.5	3.5	7.8	3.9
Latin American	3.9	2.6	4.3	5.2	5.5	8.1	6.8	5.5	5.2	4.4	11.6
Southeast Asian	4.6	3.9	4.6	7.6	7.1	12.0	9.1	6.1	6.4	3.1	8.6
Arab	0.2	0.8	1.0	5.0	6.7	2.9	3.8	1.4	15.5	2.5	14.8
West Asian	0.4	3.0	1.5	1.9	1.3	1.9	2.9	1.0	3.5	3.1	2.5
Korean	3.0	4.0	2.5	2.4	2.1	2.3	1.5	1.2	1.1	2.5	0.8
Japanese	2.1	3.3	6.4	2.3	1.4	1.7	1.1	1.9	1.1	1.0	0.5
Other	0.8	0.5	0.8	1.4	1.2	1.9	1.4	2.4	1.8	3.9	1.5
Multiple	1.5	1.7	1.7	2.2	2.0	2.2	2.6	2.1	1.9	1.9	1.3

Visible minorities are much more likely to live in large cities and comprise a larger proportion of the population of large cities than of provinces as a whole. Over 9 in 10 visible minorities in the West live in one of the region's 8 census metropolitan areas, with 56.6% living in Vancouver alone.

Visible minorities represent large portions of the populations of Abbotsford, Calgary, Edmonton, and Winnipeg. The percentages of visible minorities in Victoria, Regina, and Saskatoon, while still significant, trail those of the other large cities in the West.

It is important to note that the large number of Aboriginal people who live in western cities are not included in the visible minority figures. Aboriginal people in the West are discussed in the next section.

Visible minorities are defined as "persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour."
Source: Derived from Statistics Canada 2001 Census data

6. ABORIGINAL PEOPLES

"After some 500 years of a relationship that has swung from partnership to domination, from mutual respect and co-operation to paternalism and attempted assimilation, Canada must now work out fair and lasting terms of coexistence with Aboriginal people."

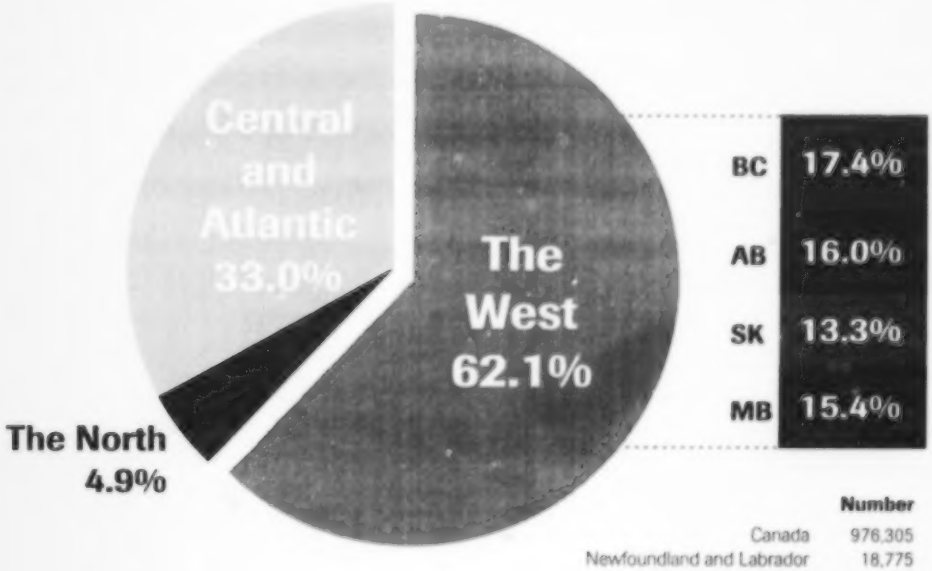
Report of the Royal Commission on Aboriginal Peoples

- The West is home to almost two-thirds of Canada's Aboriginal population.
- As a percentage of provincial population, Saskatchewan and Manitoba have particularly large Aboriginal populations (over 13%).
- Most Aboriginal people do not live on reserves; over half of Aboriginal people in the West live in urban areas.
- The Aboriginal population is much younger than the non-Aboriginal population (the median age of the Aboriginal population was 24.7 in 2001 compared to 37.7 for the non-Aboriginal population). There is, in turn, an opportunity to expand the western labour pool by increasing the engagement of Aboriginal peoples in the economy.
- High unemployment, lower levels of education, poverty, and discrimination are examples of issues facing the West's Aboriginal population that require policy responses.

ABORIGINAL PEOPLES

The West is home to the majority of Canada's Aboriginal population

Figure 29: Aboriginal Population by Location, 2001 (% of national total)



	Number
Canada	976,305
Newfoundland and Labrador	18,775
Prince Edward Island	1,345
Nova Scotia	17,010
New Brunswick	16,990
Quebec	79,400
Ontario	188,315
Manitoba	150,045
Saskatchewan	130,185
Alberta	156,225
British Columbia	170,025
Yukon Territory	6,540
Northwest Territories	18,730
Nunavut	22,720
West	606,480

The ethnic and cultural diversity added to the western provinces by their immigrant and visible minority populations is further enhanced by the large number of Aboriginal people who live in western Canada. The West is home to almost two-thirds of the country's Aboriginal population. Of the estimated 976,305 Aboriginal people living in Canada, 606,480 live in western Canada with a roughly even distribution across the four provinces ranging from 130,185 in Saskatchewan to 170,025 in BC.

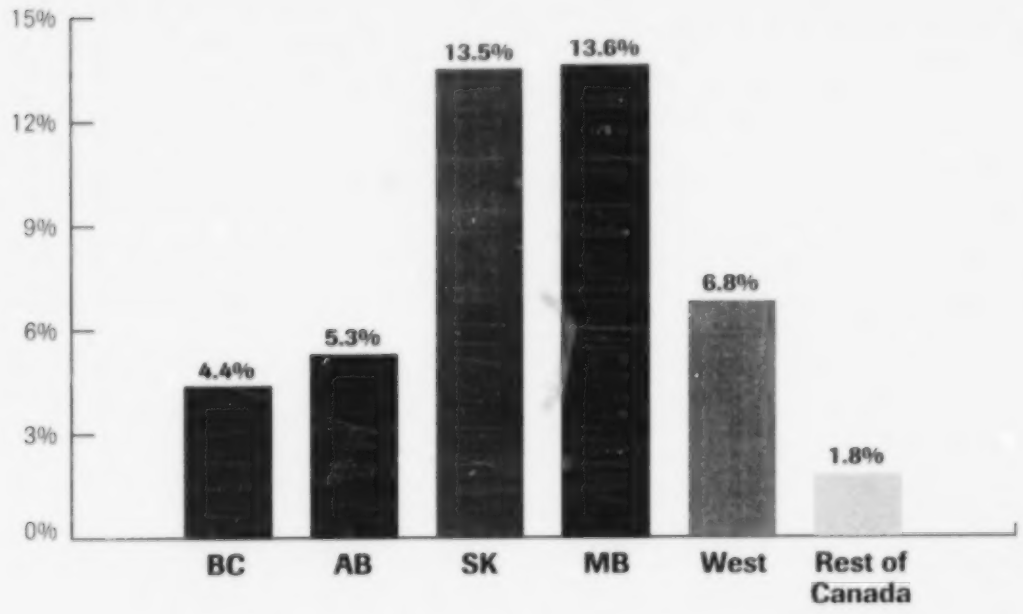
Although the combined population of Saskatchewan and Manitoba is over 5 times smaller than the population of Ontario, 91,915 more Aboriginal people live in Saskatchewan and Manitoba than in Ontario.

Source: Derived from Statistics Canada 2001 Census data

ABORIGINAL PEOPLES

Not including the territories, the largest proportions of Aboriginal people are found in Saskatchewan and Manitoba

Figure 30: Aboriginal People as a Percentage of the Total Population, 2001



The results of the 2001 Census show that 6.8% of western Canadians identify themselves as being Aboriginal. The large number of Aboriginal people living in Saskatchewan and Manitoba translates into relatively high proportions of Aboriginal people in these two provinces (13.5% and 13.6% respectively).

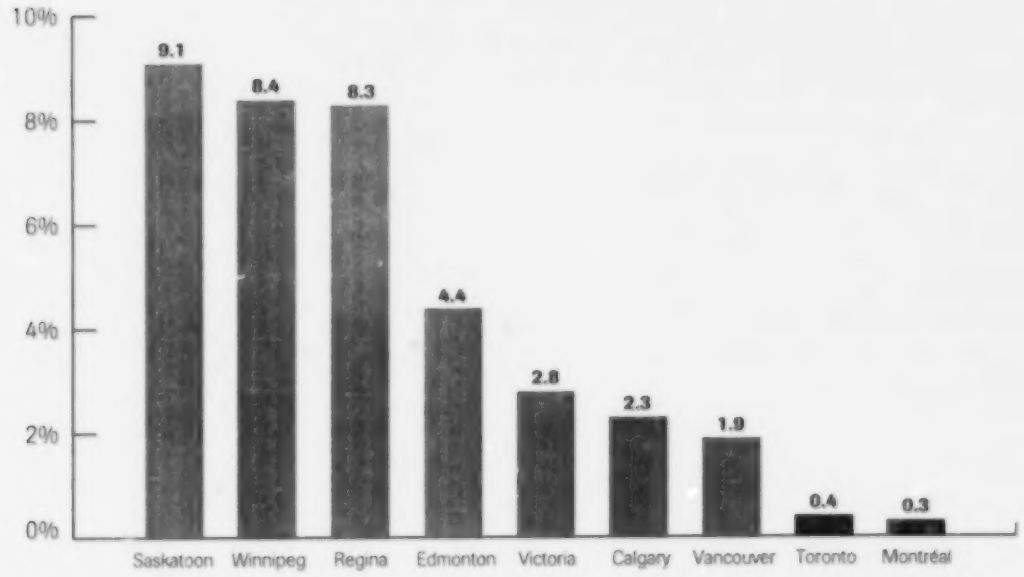
A dark history of injustice toward Aboriginal people and the relatively high rates of social problems such as unemployment, poverty, and addictions that characterize the Aboriginal population, create numerous public policy challenges in the region that are not shared to the same degree in other parts of the country because of the smaller presence of Aboriginal people. At the same time, the tremendous cultural heritage possessed by the West's Aboriginal people and their ongoing contribution to the region's economy and society are extremely valuable assets that are the part of the character of the region and key to its future prosperity. In addition, because the Aboriginal population is significantly younger than the non-Aboriginal population (see Figure 33), and because there is a lot of untapped employment potential in the Aboriginal population, provinces such as Saskatchewan and Manitoba may be able to address looming labour shortages by increasing the labour force engagement of their Aboriginal populations.

Source: Derived from Statistics Canada 2001 Census data.

ABORIGINAL PEOPLES

The highest urban concentrations of Aboriginal people are found in Saskatoon, Winnipeg, and Regina

Figure 31: Aboriginal People as a Percentage of Census Metropolitan Areas, 2001



Aboriginal people represent sizeable proportions of the West's large cities. The presence of Aboriginal people in Regina, Saskatoon, and Winnipeg is particularly high and is dramatically different from the situation in Canada's largest cities (Toronto, Vancouver, and Montréal). Winnipeg leads the West with an Aboriginal population of 55,755 in 2001 followed by Edmonton with 40,930, and Vancouver with 36,860. Toronto's Aboriginal population in 2001 was 20,300 and Montréal's was 11,085.

As Figure 32 on the following page shows, over half of the West's Aboriginal population lives in urban areas. Only about 3 in 10 Aboriginal people in the West live on a reserve. The number of Aboriginal people living in cities suggests that the traditional focus of federal Aboriginal policy on the reserve population needs to more fully take into account the urban Aboriginal context. This is particularly important given that Aboriginal people who move to cities often face a range of social and economic challenges that require a coordinated policy response on the part of cities, provinces, and the federal government.

Source: Derived from Statistics Canada 2001 Census data.

ABORIGINAL PEOPLES

Over half of the West's Aboriginal population live in urban areas

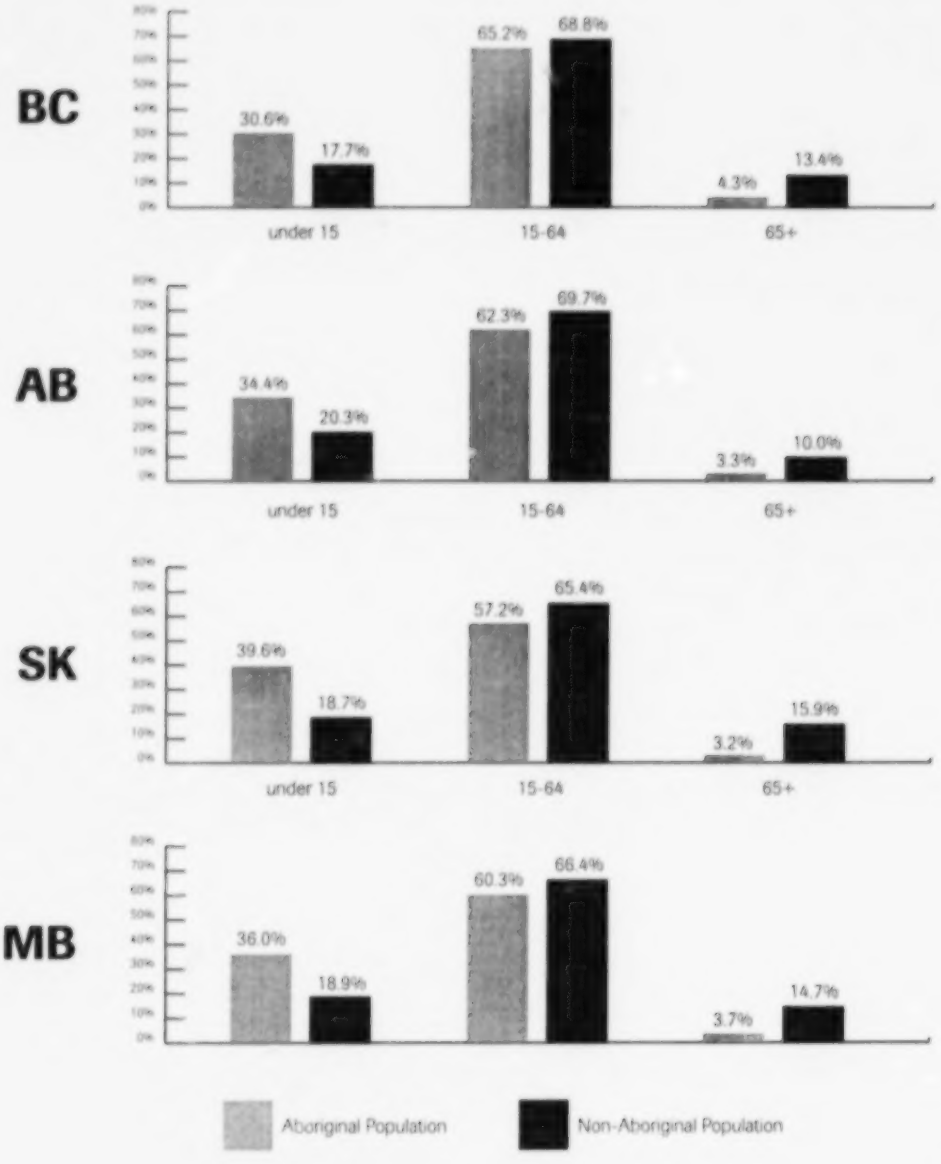
Figure 32: Aboriginal People by Location – Urban, Reserve, Rural Non-Reserve, 2001

Source: Derived from Statistics Canada 2001 Census data

ABORIGINAL PEOPLES

The Aboriginal population is much younger than the non-Aboriginal population

Figure 33: Aboriginal People and Non-Aboriginal People by Age Group, 2001 (% of total)



Source: Derived from Statistics Canada 2001 Census data

7. URBANIZATION

"Societies and civilizations in which the cities stagnate don't develop and flourish further. They deteriorate."

– Jane Jacobs

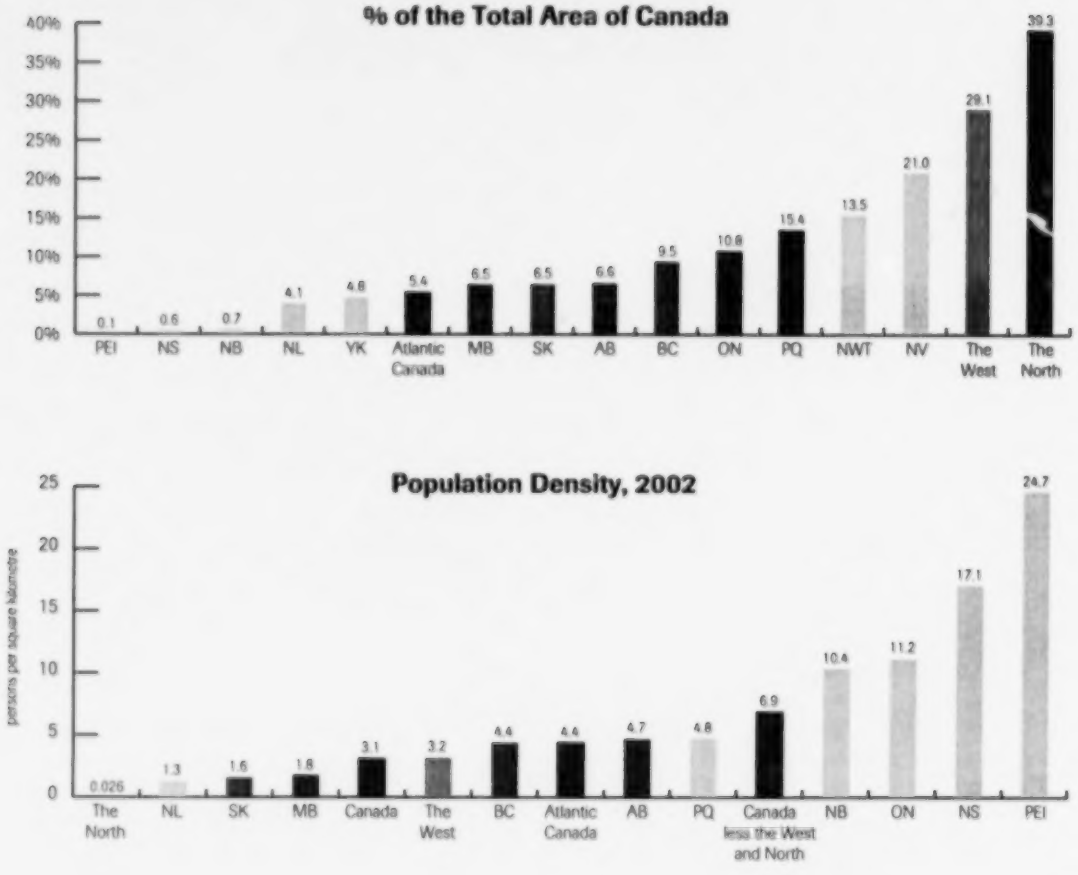
Cities and the Wealth of Nations: Principles of Economic Life

- Western Canada is a huge geographic region over 7 times the size of California and with just under 30% of Canada's total landmass (only the North is larger at 39.3%).
- Compared to most of the world, the West is thinly populated with a population density of 3.2 persons per square kilometre. This creates numerous policy challenges especially with respect to transportation policy.
- Although the region as whole is thinly populated, most westerners live in a limited number of densely populated cities.
- In addition, Canada is one of the most urbanized countries in the world and its western provinces are no exception, with just under 80% of the West's population living in urban areas.
- Urban areas are the main sources of population growth in the West. The rural areas of BC and Alberta have grown in absolute terms since 1966 (though at a much slower pace than their urban areas) while the rural areas of Saskatchewan and Manitoba have contracted.

URBANIZATION

After the North, the West is Canada's second largest geographic region

Figure 34: Area and Population Density



The West is a big place. The four western provinces occupy 29.1% of the Canadian landmass (2,905,416 square kilometres). If you subtract the vast northern territories, the West accounts for 47.9% of the remaining area. At 944,735 square kilometres, BC is the largest western province and third largest province in the country after Quebec (1,542,056 square kilometres) and Ontario (1,076,395 square kilometres).

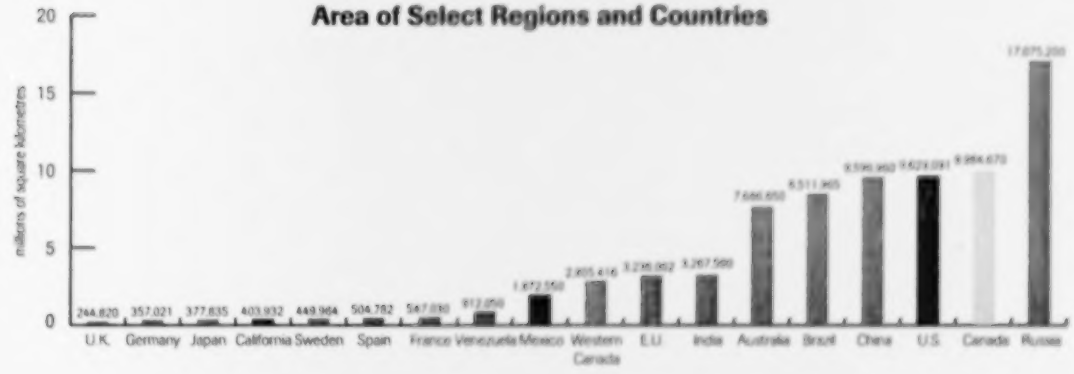
With the exception of the northern territories and Newfoundland and Labrador, the western provinces have the least number of people per square kilometre in the country. Excluding the West and the North, the rest of Canada has a population density of 6.9 people per square kilometre; the West's population density is 3.2 people per square kilometre.

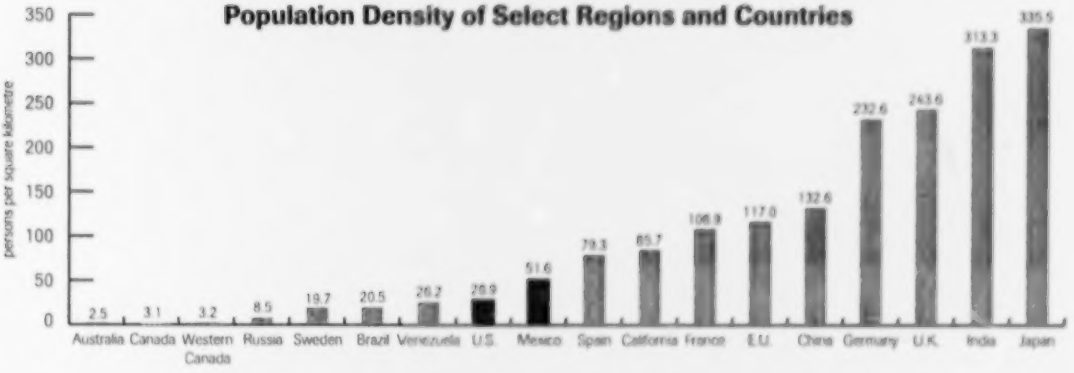
Sources: Derived from Natural Resources Canada (Atlas of Canada) and Statistics Canada annual population estimates.

URBANIZATION

The West is a large and thinly populated part of the world

Figure 35: Area and Population Density of Select Countries and Regions





Canada's landmass is second only to the huge area of Russia. The combined area of the four western provinces is only slightly less than the combined area of the 15 member countries of the European Union and significantly more than countries such as Mexico, France, Germany, Japan, and the United Kingdom. California has almost 4 times as many people as the West, but is only about a tenth of the size.

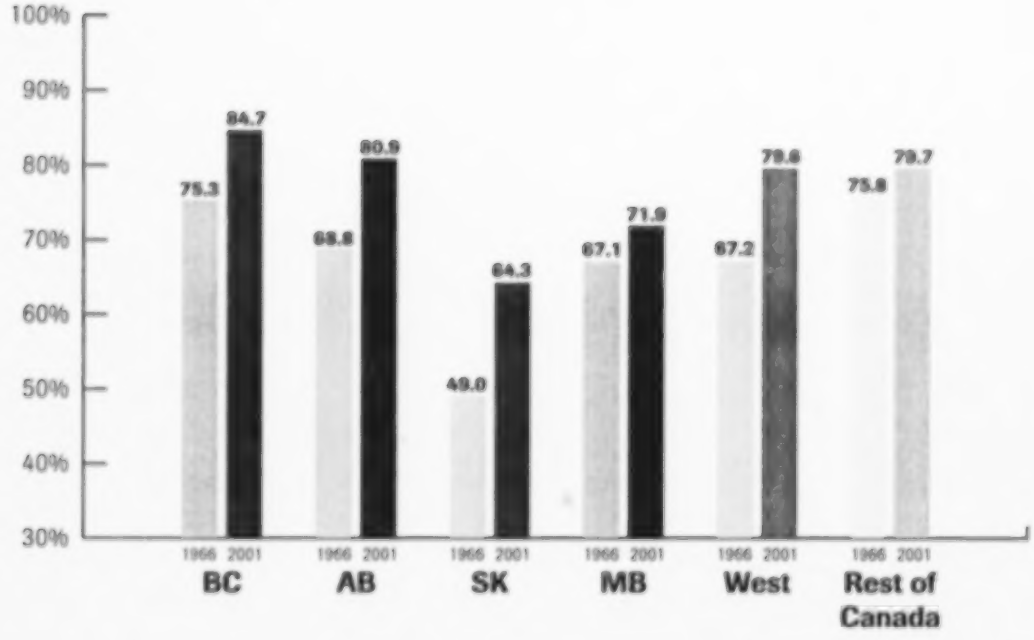
By global standards, the West is sparsely populated with only 3.2 people per square kilometre compared to 28.9 in the US, 51.6 in Mexico, 117.0 in the European Union, and 335.5 in Japan. The huge size and relatively small population base of the West present the region with major transportation challenges. The vastness and openness of the region are also integral elements of its character and quality of life.

Sources: Derived from Natural Resources Canada (Atlas of Canada), Statistics Canada population estimates, *Canadian Global Almanac 2003*, and US Census Bureau.

URBANIZATION

Most western Canadians live in urban areas

Figure 36: Percentage of the Population Living in Urban Areas, 1966 and 2001



Even though the West is thinly populated as a whole, most of its population is concentrated in urban areas with high population densities. The City of Regina, for example, has a population density of 1,501.9 people per square kilometre. Indeed, most the West's vast area is empty with pockets of large and small settlements dotting the landscape.

The West has changed from a predominantly rural region to a predominantly urban one. In 1911, only 39.1% of westerners lived in urban areas compared to 79.6% as of the 2001 Census. Always more urbanized than other parts of the West, BC continues to have the largest portion of its population living in urban areas while the reverse is true in Saskatchewan.

Compared to the rest of the country, BC and Ontario have the same level of urbanization (84.7%), Alberta's level (80.9%) is virtually the same as Quebec's (80.4%), and Manitoba (71.9%) and Saskatchewan (64.3%) are both much more urbanized than Atlantic Canada (53.9%).

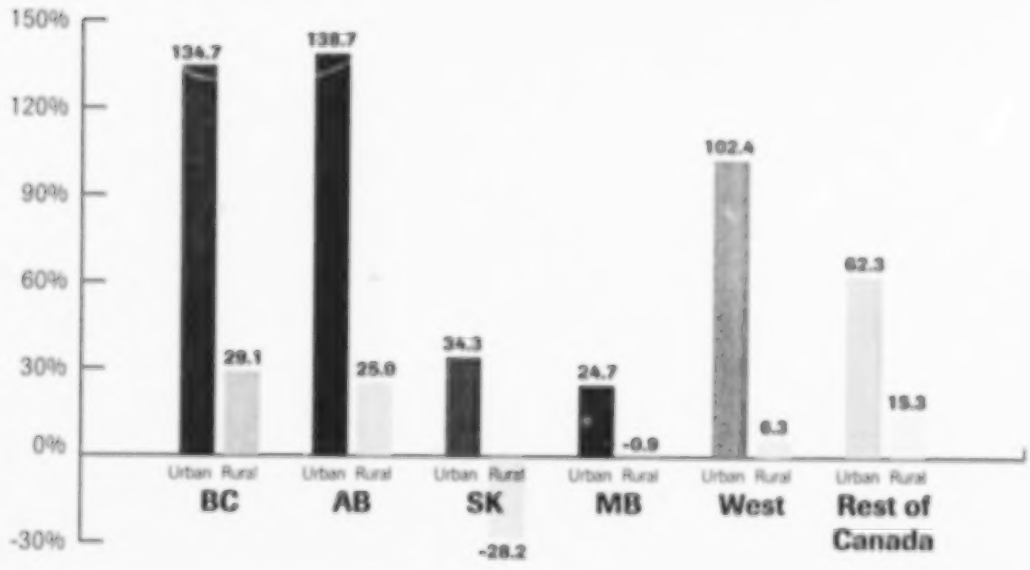
Although rural areas remain extremely important in the West both as places to live and as the location of much of the region's rich endowment of natural resources and agricultural land, the West should be thought of less as a rural hinterland and more as a thriving series of small and large urban centres.

An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre. All territory outside urban areas is classified as rural. Taken together, urban and rural areas cover all of Canada. In 1966, urban areas included: all incorporated cities, towns and villages with a population of 1,000 persons or over; all unincorporated places with a population of 1,000 persons or over and a population density of at least 1,000 persons per square mile (386 per square kilometre); and the urbanized fringe of these urban areas, known as the urbanized core of a census agglomeration or census metropolitan area, where a minimum population of 1,000 persons and a density of at least 1,000 persons per square mile (386 per square kilometre) existed. Source: Derived from Statistics Canada Census data.

URBANIZATION

Saskatchewan has experienced a significant decline in the size of its rural population

Figure 37: Percent Change in Population, Urban and Rural Areas, 1966-2001



A higher level of urbanization may be the result of population *increases* in urban areas outpacing growth in rural areas (in some cases, rural areas may become redefined as urban if their density reaches a certain threshold), population *decreases* in rural areas, or a combination of the two. In BC and Alberta, both the urban and rural populations grew between 1966 and 2001, but the urban growth was much greater. Hence, both provinces experienced a jump in their level of urbanization.

In Saskatchewan and Manitoba, on the other hand, modest urban growth combined with rural depopulation explains the rise in the percentage of their populations living in urban areas. Saskatchewan experienced particularly strong rural depopulation between 1966 and 2001, with 137,120 less people living in rural Saskatchewan in 2001 than in 1966. Over this same period, BC added 134,704 people in its rural areas and Alberta added 113,851. As Figure 38 shows, urban growth was the only source of growth in Saskatchewan and Manitoba between 1966 and 2001. Rural areas in BC and Alberta, conversely, account for 6.6% of BC's growth and 7.5% of Alberta's over the same period.

For context, there are almost as many people living in rural Ontario (1,747,499) as there are in rural western Canada (1,831,691). It is also important to note that many "urban areas" are small towns with strong connections to the "rural" ethos and economy.

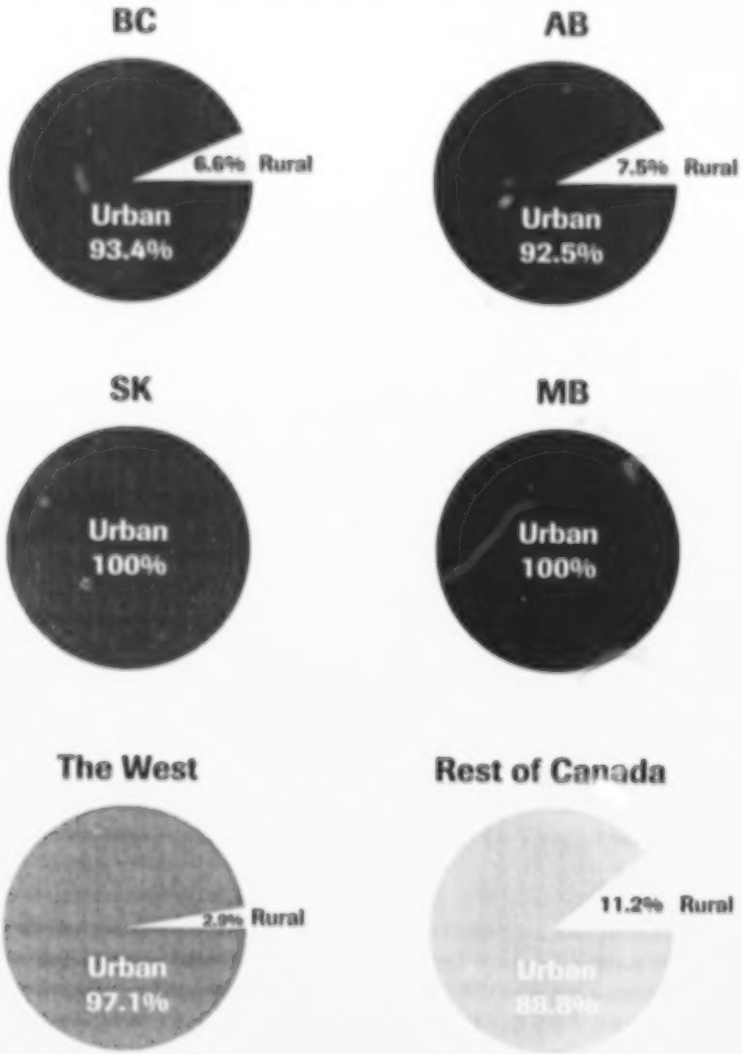
The trend toward a more urban West raises a series of questions about how this affects the region's identity and how to manage relationships between its urban and rural components. One of the largest challenges is to acknowledge the region's urban face and make sure that its urban areas are effective economic engines and social enclaves without ignoring the continuing importance and contribution of rural areas.

See the note on page 43. Source: Derived from Statistics Canada Census data

URBANIZATION

Urban population growth dwarfs rural growth throughout the West

Figure 38: Urban Growth as a Percentage of Total Population Growth, 1966-2001

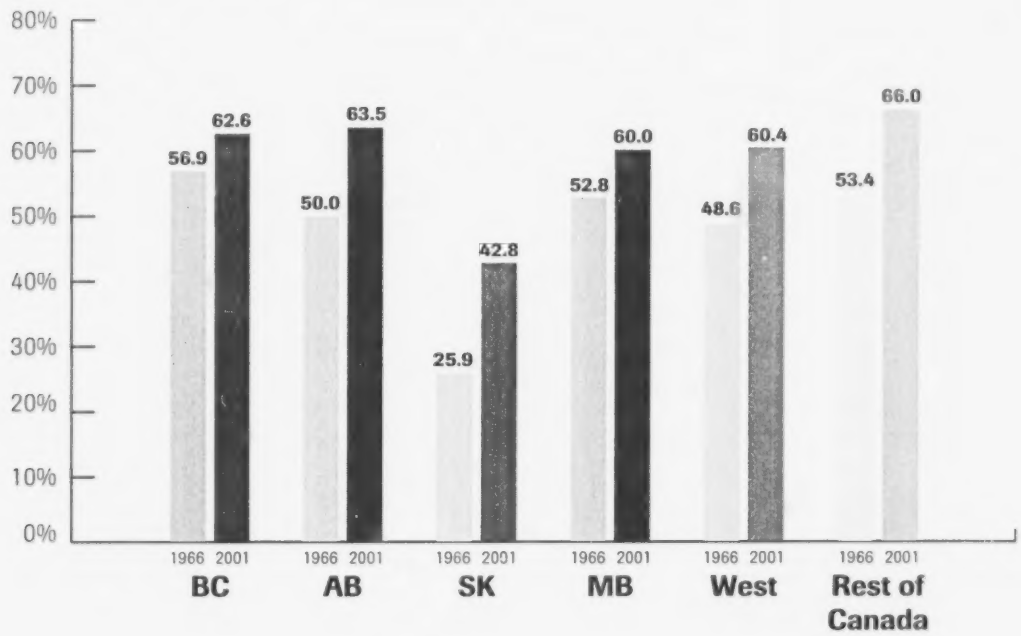


See the note on page 43. Source: Derived from Statistics Canada Census data.

URBANIZATION

Six in ten western Canadians live in one of the region's eight largest city regions

Figure 39: Percentage of the Population Living in Census Metropolitan Areas, 1996 and 2001



There has been a large jump in the percentage of people living in one of the West's large city regions – the census metropolitan areas (CMAs) of Abbotsford, Vancouver, Victoria, Calgary, Edmonton, Regina, Saskatoon, and Winnipeg. Part of the jump in the percentage of people living in CMAs in BC is the result of Abbotsford's reclassification as a census metropolitan area as of the 2001 Census. Excluding Abbotsford, 58.8% of British Columbians lived in the CMAs of Vancouver and Victoria in 2001 compared to 56.9% in 1966. Abbotsford should, however, be included because it has grown to the point where it is now a CMA.

The rise in the proportion of people living in CMAs that took place between 1966 and 2001 is quite high in both Alberta and Saskatchewan. Over this period, 1,157,366 people were added to the CMAs of Calgary and Edmonton and 171,708 to the CMAs of Regina and Saskatoon. The CMA of Winnipeg's share of Manitoba's population also grew substantially between 1966 and 2001, from 52.8% to 60.4%. As of the 2001 Census, 162,515 more people lived in the CMA of Winnipeg than in 1966.

In addition to CMAs, Statistics Canada identifies four major "urban regions" in the country (two of which are in the West): (1) the Lower Mainland and southern Vancouver Island region in BC, (2) the Calgary-Edmonton corridor in Alberta, (3) Ontario's Golden Horseshoe, and (4) the Montréal and adjacent region in Quebec. These four regions were home to over half of Canada's population in 2001.

A Census Metropolitan Area (CMA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The population count of the urban core is at least 100,000 to form a CMA. To be included in the CMA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from place of work data.

Source: Derived from Statistics Canada Census data

URBANIZATION

BC is home to the West's largest census metropolitan area (Vancouver) and its smallest (Abbotsford)

Figure 40: Relative Size of Census Metropolitan Areas, 2002

The West's CMAs vary greatly in size. Vancouver is the largest with over 2.1 million people and Abbotsford is the smallest with a population of 147,370*. Alberta and Saskatchewan both have two CMAs that are roughly the same size whereas Manitoba has one large CMA and BC has one very large CMA and two smaller ones.

Toronto, Canada's largest CMA, is more than twice the size of Vancouver, more than 5 times the size of Calgary or Edmonton, over 20 times as large as Regina or Saskatoon, and more than 7 times the size of Winnipeg. The population of Toronto is almost as big as the combined population of all 8 western CMAs.

Figure 41 on the following page illustrates the relative demographic weight of CMAs within provinces and within the country as a whole. Winnipeg, for example, is home to three out of five Manitobans, but only about 2 Canadians out of 100 live there. Combined, Regina and Saskatoon account for 42.8% of Saskatchewan's population, but only 1.4% of the national population. Among western CMAs, Vancouver has the largest percentage of the national population at 6.6%.

The Lower Mainland and southern Vancouver Island urban region in BC accounts for 69% of BC's population, and the Calgary-Edmonton corridor accounts for 72% of Alberta's population.

See the note on page 46. The figure for Abbotsford is from the 2001 Census. Annual estimates of the population of the CMA of Abbotsford were not available at the time of writing. Source: Derived from Statistics Canada annual population estimates and Census data.

URBANIZATION

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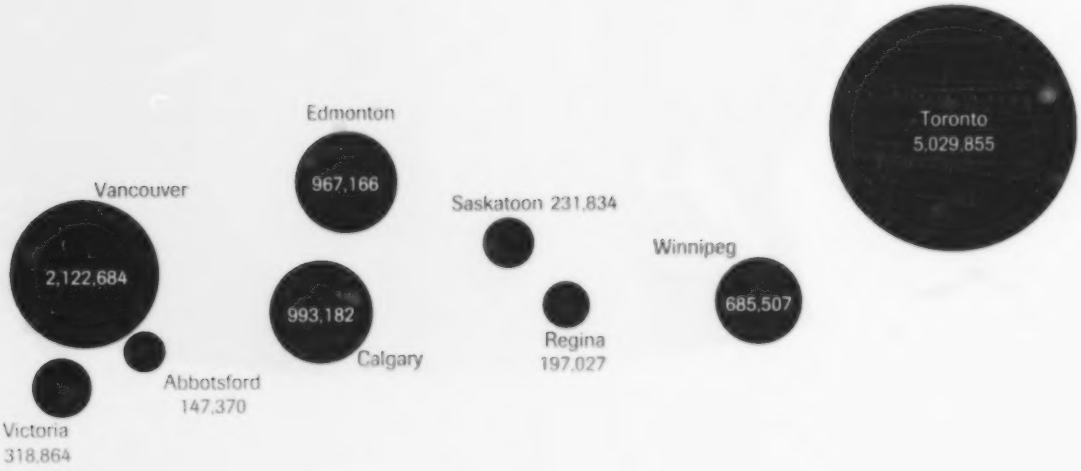


The West's CMAs vary greatly in size. Vancouver is the largest with over 2.1 million people and Abbotsford is the smallest with a population of 147,370*. Alberta and Saskatchewan both have two CMAs that are roughly the same size whereas Manitoba has one large CMA and BC has one very large CMA and two smaller ones.

Toronto, Canada's largest CMA, is more than twice the size of Vancouver, more than 5 times the size of Calgary or Edmonton, over 20 times as large as Regina or Saskatoon, and more than 7 times the size of Winnipeg. The population of Toronto is almost as big as the combined population of all 8 western CMAs.

Figure 41 on the following page illustrates the relative demographic weight of CMAs within provinces and within the country as a whole. Winnipeg, for example, is home to three out of five Manitobans, but only about 2 Canadians out of 100 live there. Combined, Regina and Saskatoon account for 42.8% of Saskatchewan's population, but only 1.4% of the national population. Among western CMAs, Vancouver has the largest percentage of the national population at 6.6%.

The Lower Mainland and southern Vancouver Island urban region in BC accounts for 69% of BC's population, and the Calgary-Edmonton corridor accounts for 72% of Alberta's population.

See the note on page 46. The figure for Abbotsford is from the 2001 Census. Annual estimates of the population of the CMA of Abbotsford were not available at the time of writing. Source: Derived from Statistics Canada annual population estimates and Census data.

URBANIZATION

Large city regions dominate the provincial populations of all four western provinces

Figure 41: Relative Size of Census Metropolitan Areas, 2001

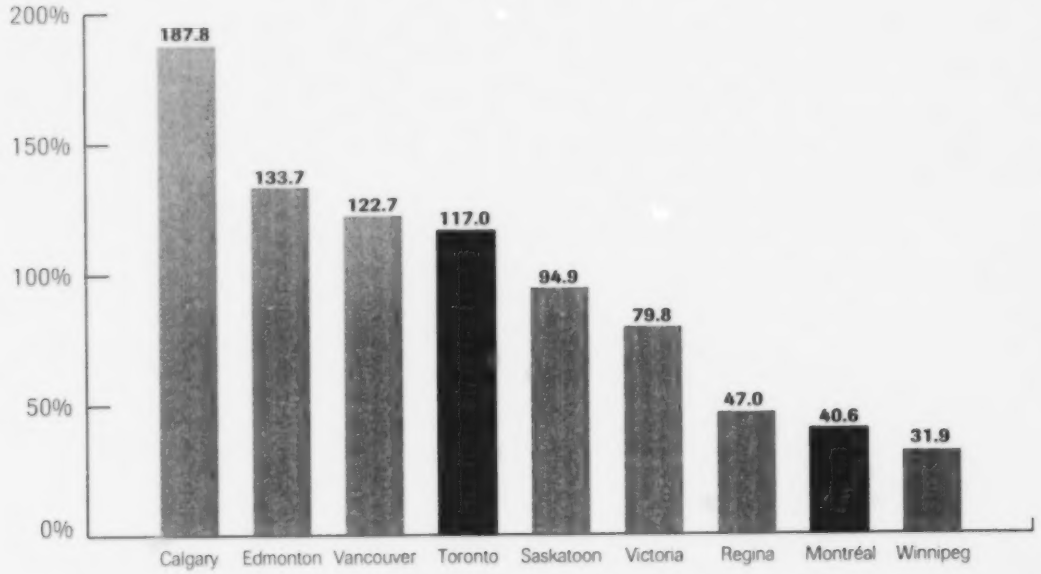
	% of provincial population	% of the West's population	% of the national population
Abbotsford	3.8%	1.6%	0.5%
Vancouver	50.8%	22.1%	6.6%
Victoria	8.0%	3.5%	1.0%
Calgary	32.0%	10.6%	3.2%
Edmonton	31.5%	10.4%	3.1%
Regina	19.7%	2.1%	0.6%
Saskatoon	23.1%	2.5%	0.8%
Winnipeg	60.0%	7.5%	2.2%
Toronto	41.0%	n.a.%	15.6%

See the note on page 46. Source: Derived from Statistics Canada 2001 Census data.

URBANIZATION

Calgary leads the West in population growth since 1966

Figure 42: Percent Change in the Population of Census Metropolitan Areas, 1966-2001



In the 35 years between the 1966 Census and the 2001 Census, the CMAs of Vancouver, Calgary, and Edmonton more than doubled in size, the CMA of Saskatoon almost doubled in size, and the CMA of Victoria posted strong growth. Over the this same period, the populations of the CMAs of Regina and Winnipeg increased at a more modest rate than their western counterparts but still grew by a combined total of almost a quarter of a million people.

Growing cities bring both positive and negative side-effects. On the positive side, population growth creates economic opportunities. On the negative side, it places stress on infrastructure, contributes to urban sprawl, and can overwhelm the revenue-generating capacity of municipal governments.

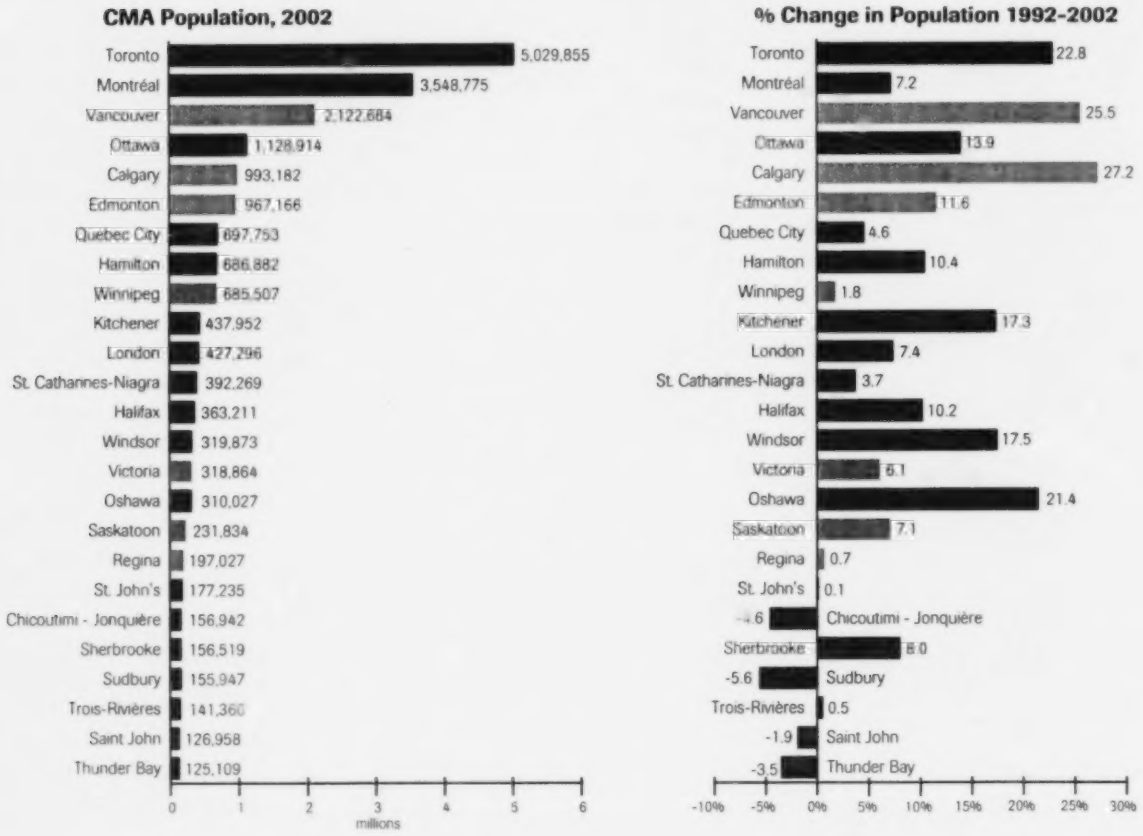
Indeed, Canada's federal system of government has not kept pace with the urbanization of the country since its birth in 1867 when the political system was designed. Although most Canadians live in cities, our system of government remains focused on the central and provincial governments. The federal government and the provinces, for example, have constitutionally recognized powers whereas cities are essentially wards of the provinces. How the system should adapt to urbanization is a matter of intense debate. What is clear is that cities are often ill-equipped to effectively manage the many challenges they face. Reforming the relationship between our cities, provinces, and the federal government is a major policy and political challenge facing the West and the country as a whole in the years ahead.

See the note on page 46. Abbotsford is not included because it was not a CMA in 1966.
Source: Derived from Statistics Canada Census data

URBANIZATION

Calgary led the country's big cities in population growth over the last ten years

Figure 43: Comparative Population Size and Growth of Census Metropolitan Areas



Of the 9 city regions in Canada with populations over 500,000, 4 are in the West. Canada's three largest metropolitan areas – Toronto, Montréal, and Vancouver – dwarf all other city regions in Canada. In terms of growth since 1992, Calgary leads the country with a staggering change of 27.2%. Vancouver, Toronto, and Oshawa also posted growth rates between 1992 and 2002 of over 20%. The pace of growth in Regina and Winnipeg has been sluggish since 1992, but remained on the positive side of the ledger.

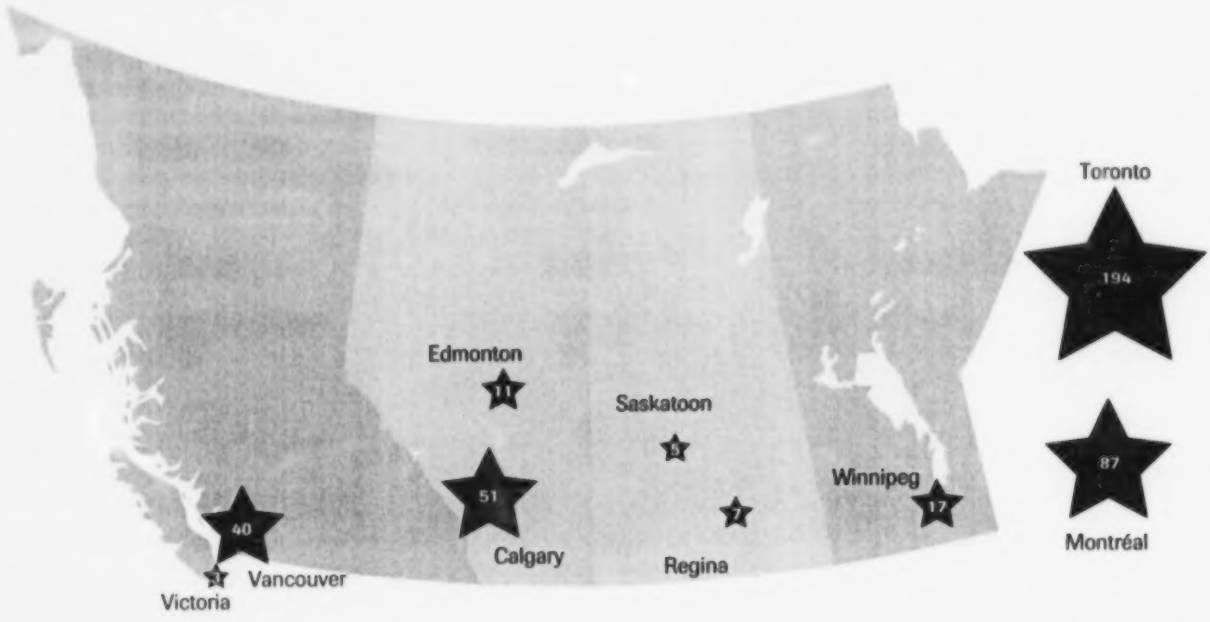
Cities that attract large numbers of immigrants such as Toronto, Vancouver and Calgary experience stronger growth than those that do not (e.g., Regina). Calgary's particularly robust growth is explained in part by the fact that it led the country in gains from internal migration between 1996 and 2001 (see Figure 19).

See the note on page 46. Although reclassified as a Census Metropolitan Area as of the 2001 Census, Abbotsford is not included because Statistics Canada has not added Abbotsford to its annual population estimates of Census Metropolitan Areas. Source: Derived from Statistics Canada annual population estimates.

URBANIZATION

The head offices of a significant number of Canada's largest corporations are located in Calgary and Vancouver

Figure 44: Location of Head Offices by Census Metropolitan Area, 2002



Although somewhat anecdotal in nature, the location of Canada's 500 largest corporations sheds some insight into the economic character of western cities. As a region, the West's share of head offices (28.0%) is roughly equivalent to its share of the population (30.0%). Toronto is by far the country's corporate capital with 38.8% of the head offices, but only 15.6% of Canada's population.

Not surprisingly, larger cities tend to have more head offices, but the proportions are not one-to-one. Calgary stands out in this regard with 51 head offices compared to Edmonton's 11 – two cities of roughly the same size. This reflects Calgary's character as the corporate headquarters of the province's oil patch. Staple industries in each province are also reflected in the head offices located in their cities with, for example, numerous major paper and forest product corporations located in Vancouver.

See the note on page 46.

Source: Derived from a list of the top 500 corporations in Canada ranked by size of 2001 revenues in *National Post Business*, June 2002.

URBANIZATION

The head offices of a significant number of Canada's largest corporations are located in Calgary and Vancouver

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See the note on page 46.

Source: Derived from a list of the top 500 corporations in Canada ranked by size of 2001 revenues in *National Post Business*, June 2002.

8. AGRICULTURE

"...the grain economy in the past provided the economic underpinnings for a regional politics by encompassing a majority of the prairie workforce, a majority sharing common economic interests and grievances. While agriculture today is still a major economic force on the Prairies, the vast majority of the labour force is engaged in non-agricultural pursuits."

– Roger Gibbins
Prairie Politics and Society

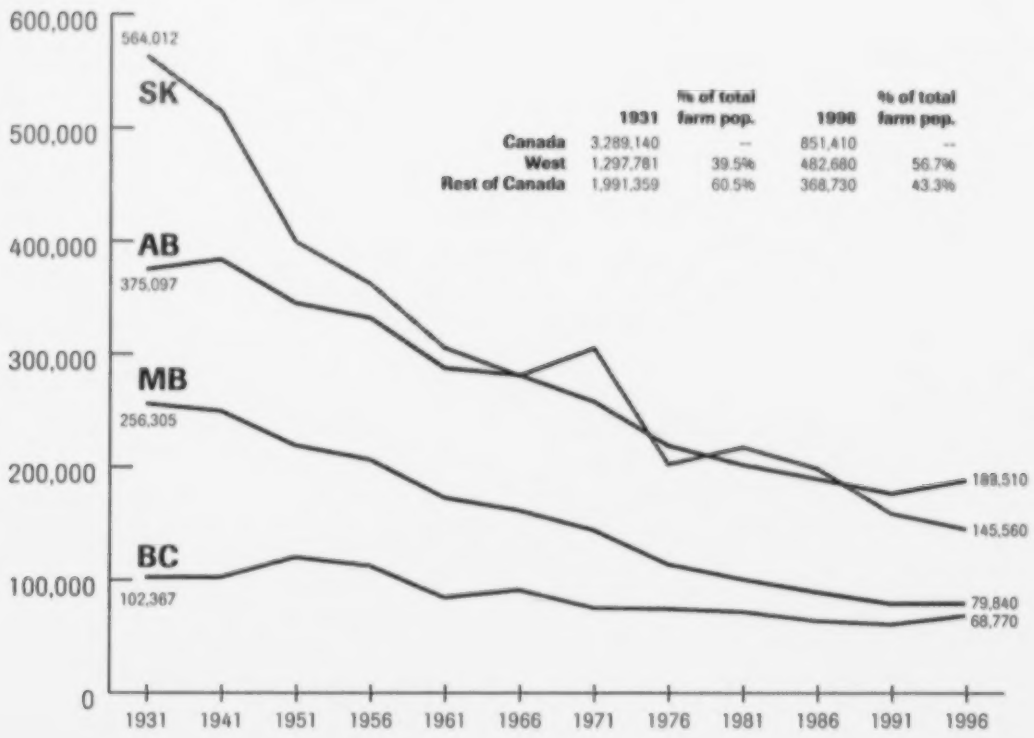
- Agriculture remains a key component of life in the West, but its role in the region has diminished over time.
- The majority of Canada's farm population lives in the West (56.7%) and, with the exception of BC, represents a much larger portion of the provincial population than in the rest of Canada.
- The amount of land used for farming in the West is greater today than in the early part of the 20th century; the reverse is true in the rest of Canada.
- The vast majority of Canada's farmland is in the West (85.2%) with Saskatchewan accounting for 38.9% and Alberta 31.2%.
- The number of farms has been falling since World War II, but the average size of farms has been increasing.
- Western farming is dominated by cattle and grain farms.
- Years of drought and low profit margins have hit the western farm sector hard in recent years.

NOTE: The analysis in this section is based on Statistics Canada Census of Agriculture data. The Census of Agriculture defines information about "census farms". A census farm is an agricultural operation that produces at least one of the following products intended for sale: crops (hay, field crops, tree fruits or nuts, berries or grapes, vegetables, seeds); livestock (cattle, pigs, sheep, horses, game animals, other livestock); poultry (hens, chickens, turkeys, chicks, game birds, other poultry); animal products (milk or cream, eggs, wool, fur, meat); or other agricultural products (Christmas trees, greenhouse or nursery products, mushrooms, sod, honey, maple syrup products). See the Statistics Canada website for more information about how the definition of a census farm has changed over time.

AGRICULTURE

The exodus of the farm population to other locations has been less pronounced in the West than in the rest of Canada

Figure 45: Farm Population, 1931-1996



	1931	% of total farm pop.	1996	% of total farm pop.
Canada	3,289,140	--	851,410	--
West	1,297,781	39.5%	482,680	56.7%
Rest of Canada	1,991,359	60.5%	368,730	43.3%

As the population of Canada was growing, the number of people living on farms (the farm population) dropped by 2,437,730 people between 1931 and 1996. In the West, the drop was 815,101. This drop is rooted in the fundamental transformation of Canadian society and the agricultural sector. Fewer people live on farms because less people are needed to work the land, a greater variety of career options are available, and more people are choosing to live in towns and cities.

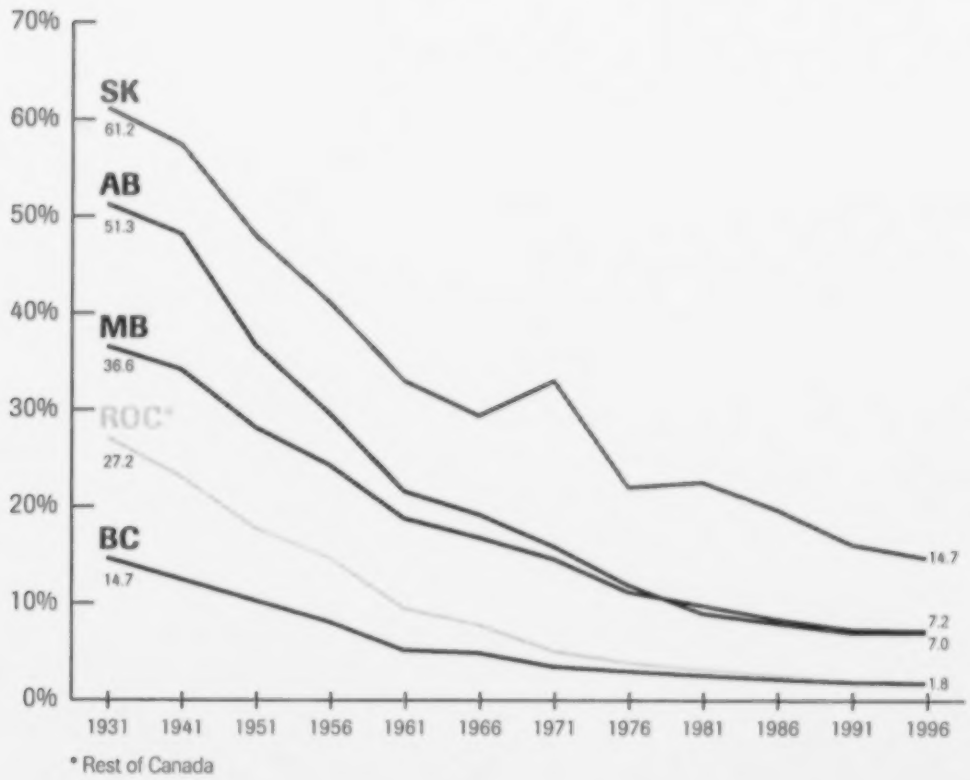
In 1931, the West was home to 39.5% of Canada's farm population, compared to about 56.7% in 1996. This indicates that, even though there are fewer people living on farms in the West than in the past, the decline in farm population has not been as sharp in the West as it has been in the rest of the country. As a result, farming is a relatively more important aspect of life in the West than it is in the rest of Canada.

Farm population refers to all persons who are members of a census farm operator's household, living on a census farm in a rural or urban area.
Farm population figures from the 2001 Census of Agriculture will be released in the fall of 2003.
Source: Derived from Statistics Canada Census of Agriculture data.

AGRICULTURE

Farm life's dominance on the Prairies has been replaced by much smaller, but still significant, farm populations

Figure 46: Farm Population as a Percentage of the Total Population 1931-1996



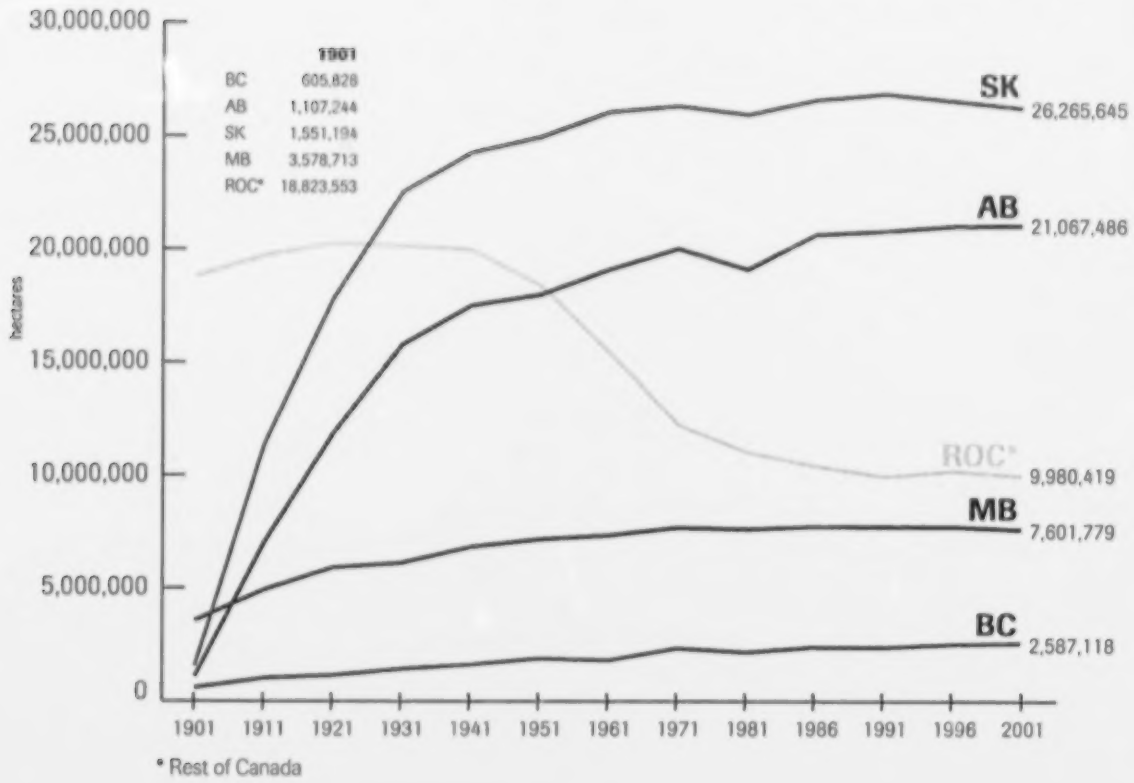
As the raw number of people living on farms has plummeted, so too has the percentage of the population living on farms. In all four western provinces, there has been a sharp fall in the proportion of the population residing on farms, with the percentage in Saskatchewan dropping from 61.2% in 1931 to 14.7% in 1996. Despite this drop, Saskatchewan still has the highest percentage of its population living on farms of the four western provinces. BC, less farm-oriented than the Prairie provinces from the start, has the smallest percentage of its population living on farms at 1.8%. Alberta and Manitoba split the difference with around 7.0% of their populations living on farms.

See the note on page 53. Source: Derived from Statistics Canada Census of Agriculture

AGRICULTURE

The amount of land used for farming has increased in all parts of the West but has decreased in the rest of Canada

Figure 47: Total Area of Farms, 1901-2001 (in hectares)



Two very different national trends in land use are evident: the amount of land used for farming in the West increased 8 fold between 1901 and 2001 compared to a drop of almost 50% in the rest of the country. Much of the increase in the West is attributable to the waves of farmers that swept into the region in the early part of the 20th century and opened the vast region to extensive cultivation.

Unlike the rest of Canada, however, the amount of land used for farming in the West did not go into sharp decline after 1941. This reinforces the West's image as "wheat and cattle country." Unfortunately, these figures do not tell us anything about the quality of agricultural land or how the expansion of urban suburbs is affecting the availability of high-quality farmland.

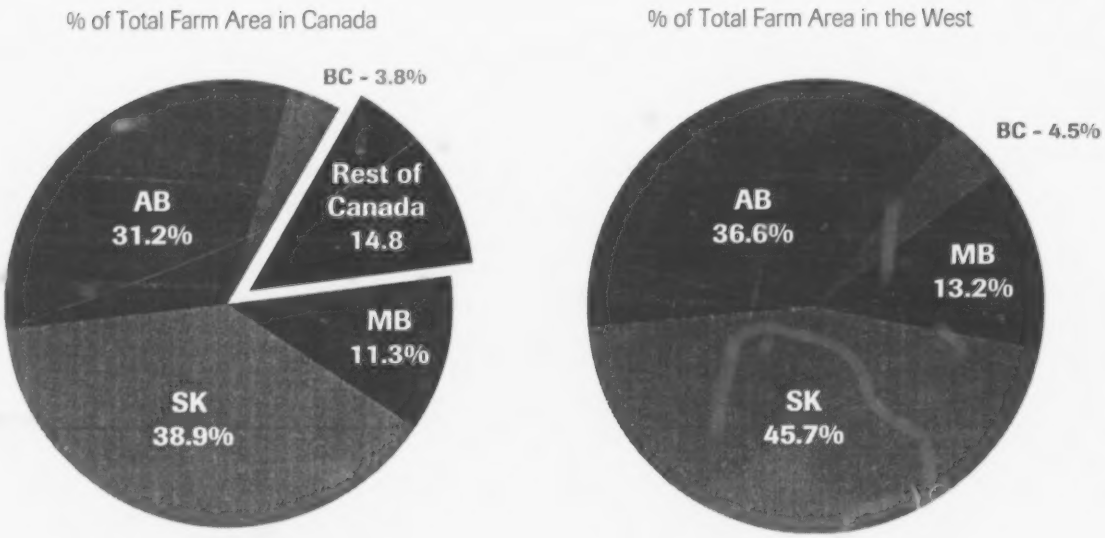
Between 1991-2001, the amount of land used for farming increased slightly in BC and Alberta, and decreased slightly in Saskatchewan and Manitoba for an overall decline in the region of -0.5% over this period.

A hectare = 2.471 acres = 0.01 square kilometres.
Source: Derived from Statistics Canada Census of Agriculture data.

AGRICULTURE

Most of Canada's farmland is located in the West

Figure 48: Total Area of Farms by Province, 2001



The vast majority (85.2%) of Canada's farmland is in the West. Saskatchewan has the most land devoted to farming, with 38.9% of the nation's farmland and 45.7% of the West's.

BC's forests and mountains limit the amount of land available for agriculture and this is reflected in its small percentage of the national and regional totals (3.8% and 4.5% respectively).

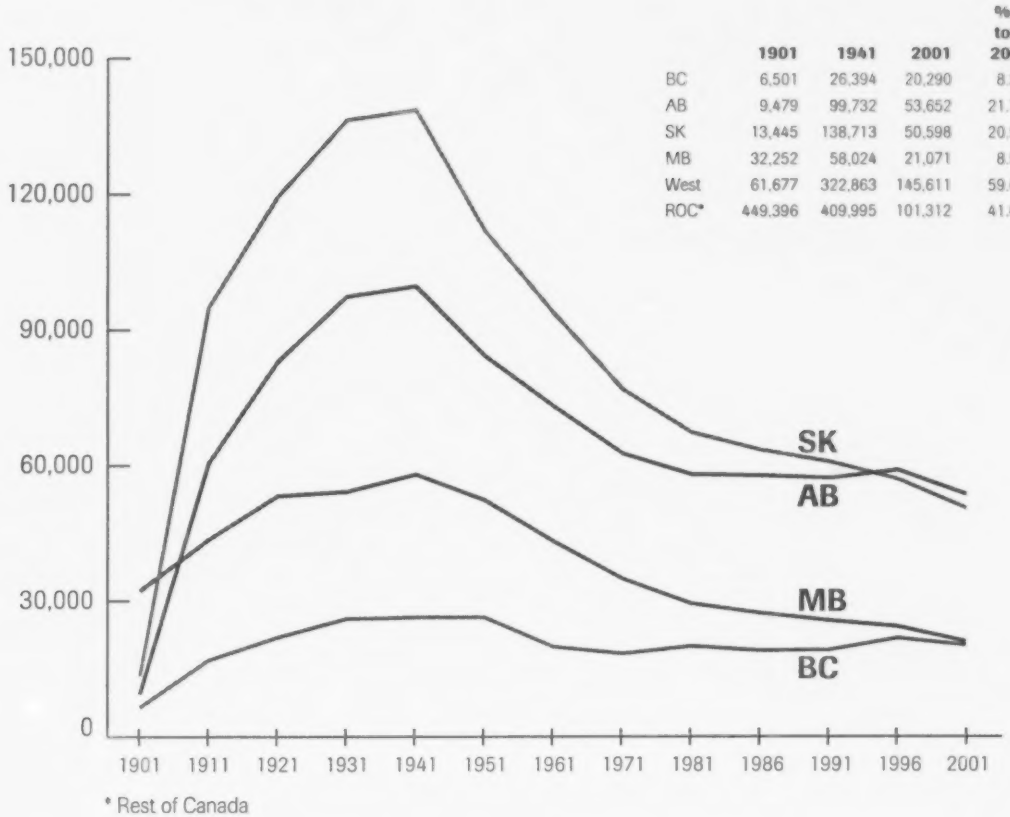
In terms of the percentage of the total area of provinces that is being used as farmland, Saskatchewan again leads the pack at 40.3% followed by Alberta (31.8%), Manitoba (11.7%), and BC (2.7%). Excluding the land area of the North, farmland represents 3.2% of the rest of Canada.

Source: Derived from Statistics Canada Census of Agriculture data.

AGRICULTURE

The number of farms in the West and the rest of Canada has been on the wane since 1941

Figure 49: Number of Farms, 1901-2001



	1901	1941	2001	% of total 2001
BC	6,501	26,394	20,290	8.2%
AB	9,479	99,732	53,652	21.7%
SK	13,445	138,713	50,598	20.5%
MB	32,252	58,024	21,071	8.5%
West	61,677	322,863	145,611	59.0%
ROC*	449,396	409,995	101,312	41.0%

* Rest of Canada

Although more land is being used for farming in the West, the number of farms in the region has dropped by 54.9% or 177,252 since 1941. This mirrors the drop in the number and percentage of people living on farms, and the number and percentage of people working in agriculture (see Figure 58). Simply put, there are fewer farms and fewer people working and living on farms.

Although it has 85.2% of the country's farmland, the West only has 59.0% of its farms. BC and Manitoba have about the same number of farms at 13.9% and 14.5% of the region's total. Alberta and Saskatchewan each have more than twice as many farms as either BC and Manitoba, at 36.8% and 34.7% of the West's farms respectively.

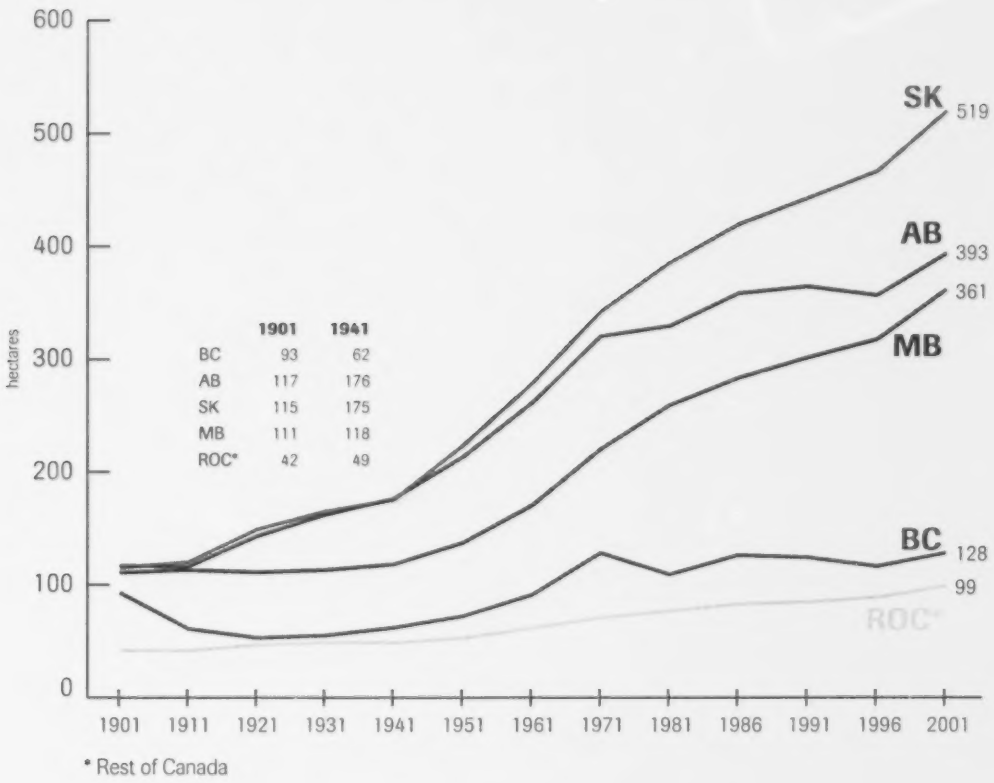
The number of farms in the West rose sharply as settlers poured into the region after the 1901 Census but began to decline after 1941.

Source: Derived from Statistics Canada Census of Agriculture data.

AGRICULTURE

Farms in the West have gotten bigger and bigger

Figure 50: Average Farm Size, 1901-2001 (in hectares)



* Rest of Canada

The combined effect of more farmland and fewer farms has caused the average size of farms in the West to increase. As the number of farms took a nosedive on the Prairies after the 1941 Census, average farm size on the Prairies went from 156 hectares in 1941 to 424 in 2001.

Even though the amount of farmland has decreased in the rest of Canada, the drop in the number of farms has been high enough to cause the average farm size to more than double since 1901, from 42 hectares to 99.

Advances in agricultural technology and methods allow larger areas to be farmed by fewer people. Larger farms are also able to achieve economies of scale with which smaller operations find it difficult to compete. This has dramatically changed the nature of farming in the West from an environment dominated by small family farms to one marked by giant commercial operations. Despite this, markets remain for smaller farms involved in, among other things, organic farming, hobby farming, and tourism.

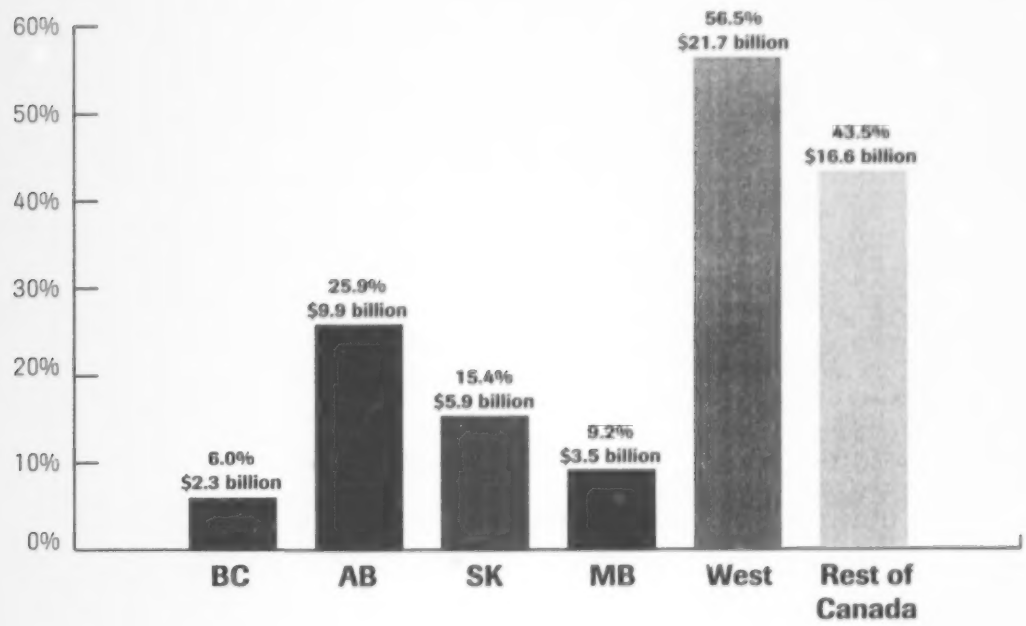
A hectare = 2.471 acres = 0.01 square kilometres

Source: Derived from Statistics Canada Census of Agriculture data

AGRICULTURE

Western farmers have a narrow operating margin with 88 cents in expenses for every dollar of revenue

Figure 51: Gross Farm Revenue, 2000 (value in $ and % of total)



Western farms generated $21.7 billion of revenue in 2000. When operating expenses are subtracted, combined net revenues for western farms drop to $2.6 billion. This yields an average of $17,603 of net revenue per farm. Statistics Canada notes that response error leads to under-reporting of farm revenues. Even if the real amounts are slightly higher, the numbers suggest that, on average, farming is not a particularly lucrative business (depending on circumstances such as farm size, farm products, annual yield, and market conditions, individual farms may do quite well or they may have a tough time). It is not surprising, therefore, that 47.3% of farm operators in the West report doing non-farm work. It is also important to note that 52.8% of farms report gross revenues of under $50,000. There are, therefore, a lot of very small farms (in terms of gross revenues) in Canada.

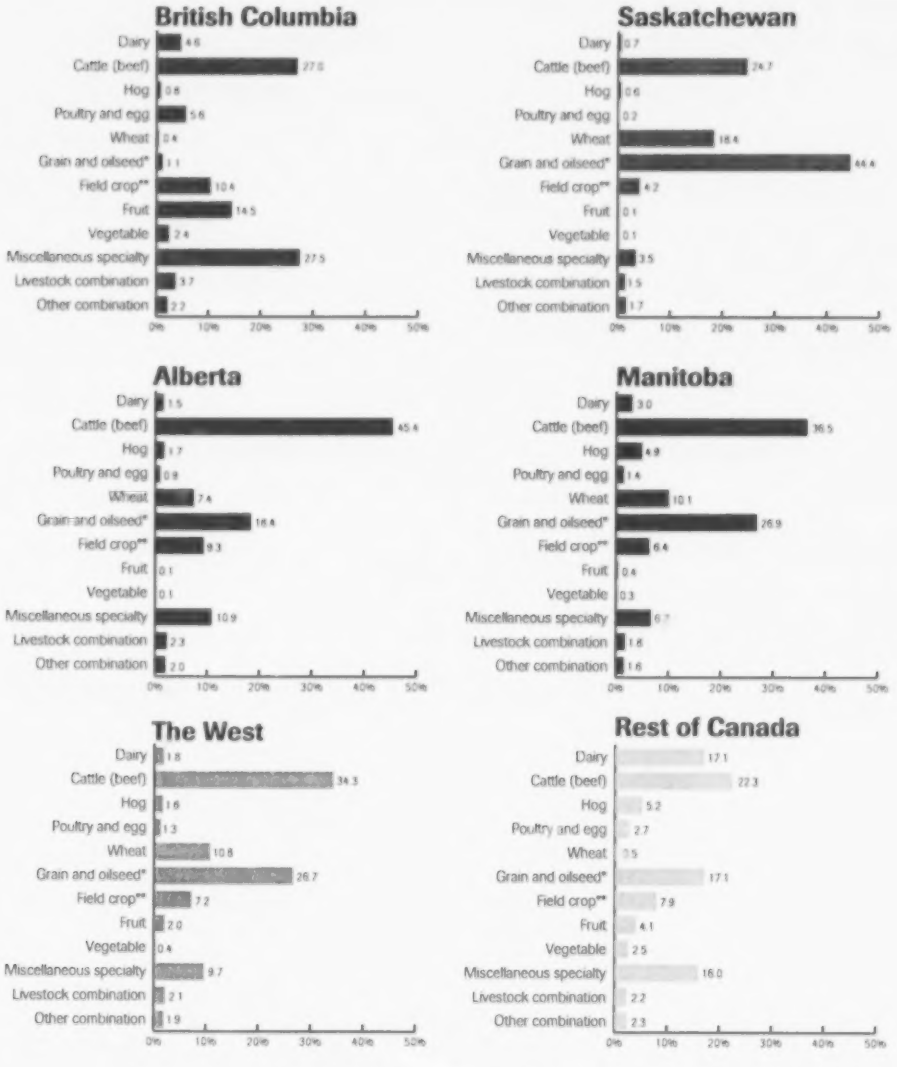
The West's share of gross revenue for all farms in the country (56.5%) is just under its share of all farms in Canada (59.0%). When the total area of farms in the West is divided by net farm revenues, we find that $44.56 of net revenue was generated per hectare of farmland compared to $252.75 per hectare in the rest of Canada.

Response errors result in under-reporting of total gross farm receipts.
Source: Derived from Statistics Canada Census of Agriculture data.

AGRICULTURE

Cattle ranching and grain farming account for most of the farms in the West

Figure 52: Farms (Gross Revenues of $2,500+) by Type (% of provincial or regional total)



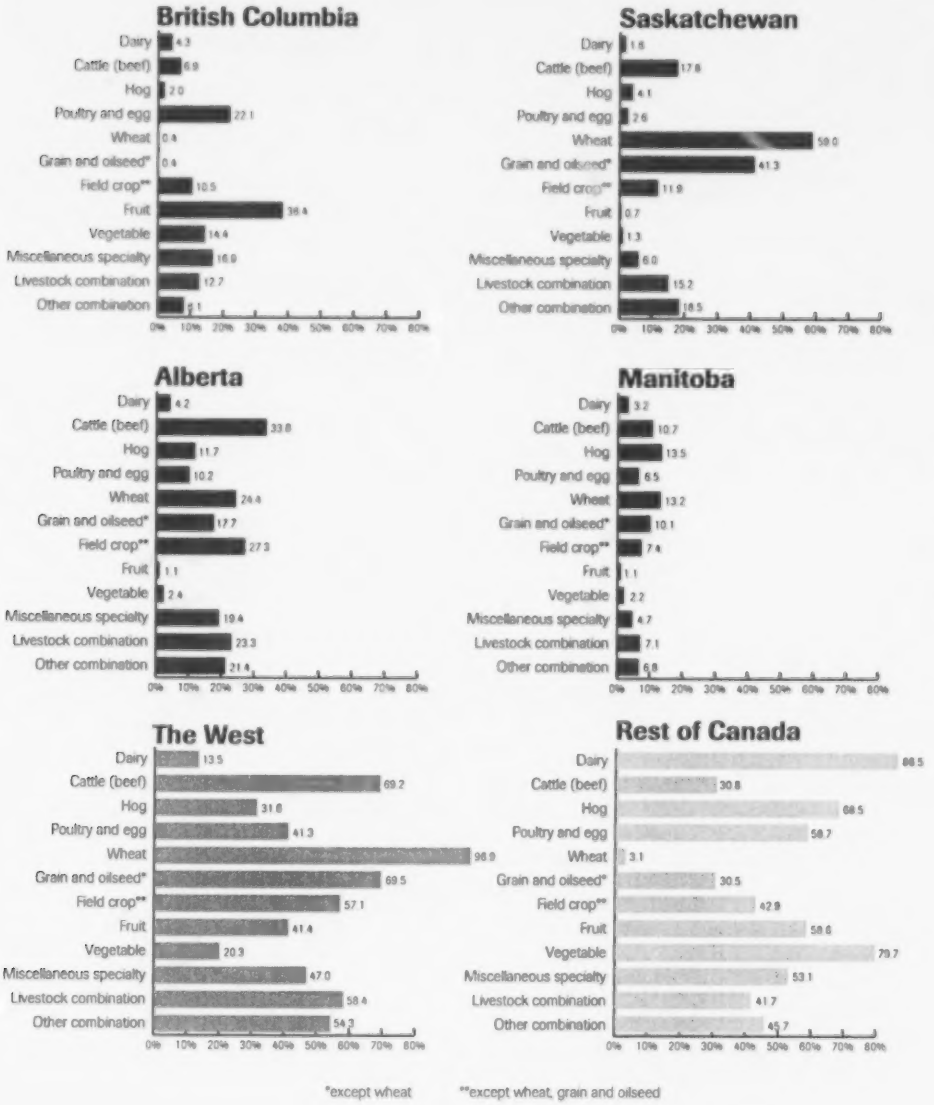
*except wheat **except wheat, grain and oilseed

Farm typing is a procedure that classifies each census farm according to the predominant type of production. This is done by estimating the potential receipts from the inventories of crops and livestock reported on the questionnaire and determining the product or group of products that make up the majority of the estimated receipts. For example, a census farm with total potential receipts of 60% from hogs, 20% from beef cattle and 20% from wheat, would be classified as a hog farm. Source: Derived from Statistics Canada Census of Agriculture data.

AGRICULTURE

Almost all of Canada's wheat farms and the majority of its cattle and grain farms are found in the West

Figure 53: Farms (Gross Revenues of $2,500+) by Type (% of national total)



*except wheat **except wheat, grain and oilseed

See the note on page 60. Source: Derived from Statistics Canada Census of Agriculture data.

9. EMPLOYMENT

"No strategy for investing in the future can hope to succeed ... without a primary focus on the development and retention of human capital. People's knowledge and skills determine the prosperity of their families, the competitiveness of their employers, and ultimately the quality of their lives within their communities and their countries."

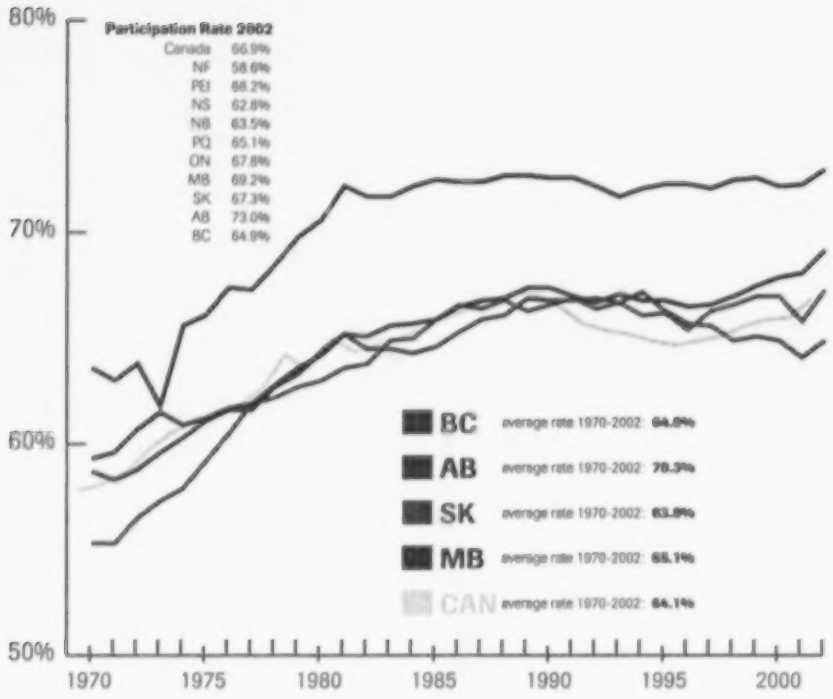
– Thomas D'Aquino and David Stewart-Patterson
Northern Edge: How Canadians Can Triumph in the Global Economy

- Alberta stands out in the West and in the country as the province with the highest rate of labour market participation.
- Alberta, Saskatchewan, and Manitoba tend to have unemployment rates below the national average.
- Employment growth in the West has outpaced growth in the rest of Canada since 1971, but has slipped behind in recent years due to low and negative growth in BC, Saskatchewan, and Manitoba.
- Retail and wholesale trade is the largest employer in the region as it is in the rest of Canada. As a percentage of total employment, manufacturing is a smaller employer in the West than in the rest of the country while the reverse is true for the agriculture and the natural resource sectors.
- Public sector employment is the only sector in which employment is down across the West. The three Prairie provinces, however, have experienced large losses in their agriculture sectors.

EMPLOYMENT

Alberta's labour force participation rate is consistently much higher than in other parts of the country

Figure 54: Participation Rate, 1970-2002



The 1970s saw a rise in the percentage of Canadians 15 years of age and over in the labour force as larger numbers of women entered the job market. A traditionally high labour force participation rate in Alberta (the highest in Canada) sets it apart from the other western provinces and the rest of the country.

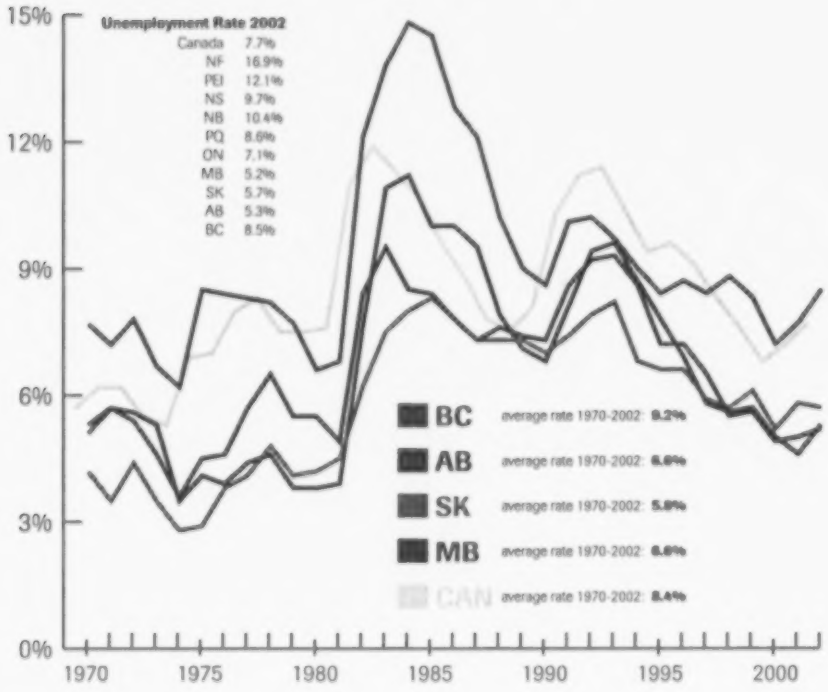
As the population ages and large numbers of workers retire and leave the labour force, participation rates will likely fall. This will reduce the relative size of the labour pool, lead to labour shortages, and put upward pressure on wages.

The participation rate is the labour force expressed as a percentage of the population 15 years and over.
Source: Statistics Canada Labour Force Survey.

EMPLOYMENT

Unemployment in the West is much lower than in the Rest of Canada

Figure 55: Unemployment Rate, 1970-2002



The Prairie provinces post lower rates of unemployment than BC and the non-western provinces. Unemployment is down across the region compared to the peaks reached during the recession of the early 1990s, but increased slightly in 2002 in BC, Alberta, and Manitoba.

BC stands out in the region with an unemployment rate consistently higher than the rest of the West since 1995. The large annual gross inflow of immigrants and interprovincial migrants into BC helps explain its higher level of unemployment. The reverse is true for Saskatchewan and Manitoba; the large number of people leaving Saskatchewan and Manitoba each year for other parts of the country reduce pressure on their local labour markets as migrants leave and seek work elsewhere.

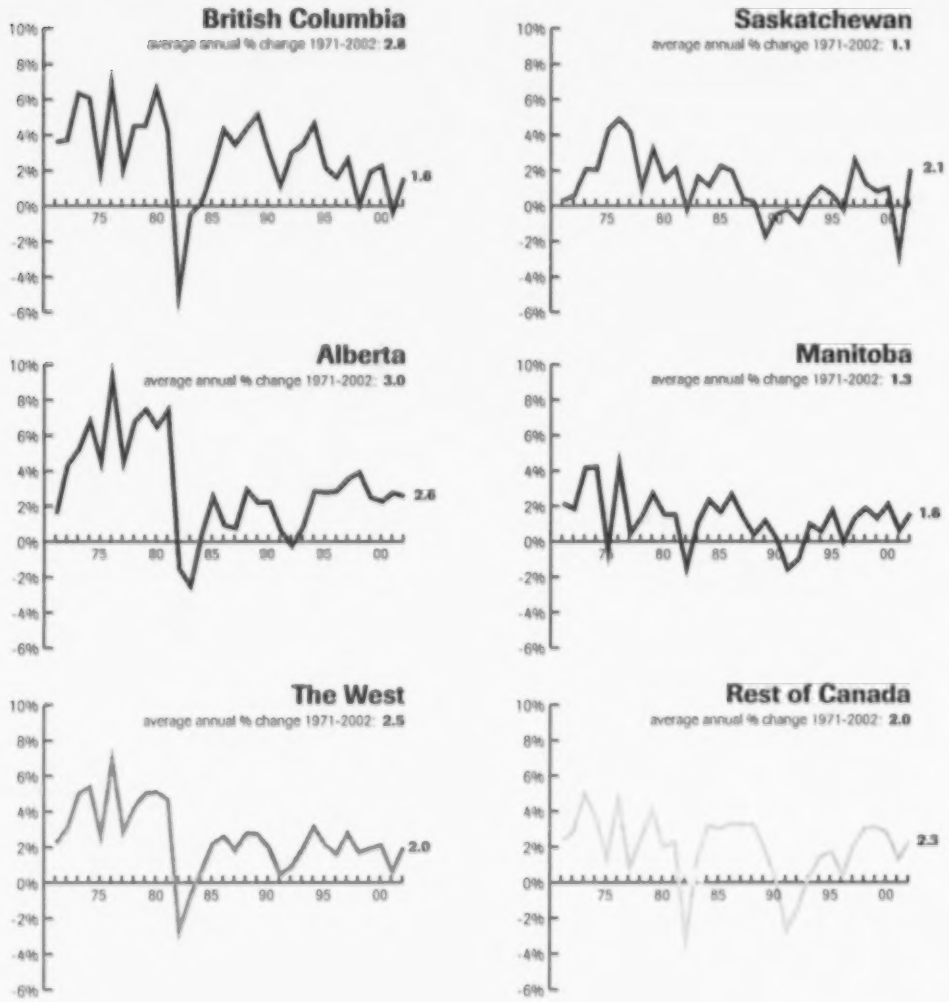
Strong employment growth in Alberta has kept unemployment low despite the province's high participation rate. As Figure 56 illustrates, Alberta has had the most consistent job growth in the region since 1995. Between 1995 and 2002, Alberta's annual percent change in employment was 2.9% compared to 1.3% in Manitoba, 0.7% in Saskatchewan, 1.5% in BC, and 2.1% in the rest of the country. Over the same period, 305,000 jobs were created in Alberta, 48,000 in Manitoba, 23,000 in Saskatchewan, 181,000 in BC , and 1,498,000 in the rest of the country.

The unemployment rate is the number of unemployed persons expressed as a percentage of the labour force.
Source: Statistics Canada Labour Force Survey.

EMPLOYMENT

Alberta leads the West in job growth

Figure 56: Annual Percent Change in Employment, 1971-2002



Source: Derived from Statistics Canada Labour Force Survey data.

EMPLOYMENT

The proportion of manufacturing sector jobs is lower in the West than in the rest of the country

Figure 57: Employment by Industry, 1990 and 2002 (% of total)

	BC		AB		SK		MB		West		ROC*	
	1990	2002	1990	2002	1990	2002	1990	2002	1990	2002	1990	2002
Goods-producing sector	**25.5**	**20.4**	**28.3**	**27.3**	**32.3**	**25.9**	**26.1**	**24.4**	**27.3**	**23.9**	**25.8**	**20.2**
Agriculture	2.0	1.6	7.1	3.6	17.3	10.1	7.4	5.5	6.2	3.6	2.1	1.5
Forestry, fishing, mining, oil and gas	3.6	2.2	5.8	5.6	3.0	3.3	1.6	1.2	4.0	3.4	1.8	1.2
Forestry and logging with support activities	*1.9*	*1.4*	*0.3*	*0.2*	*0.3*	*0.2*	*0.3*	*0.3*	*1.0*	*0.7*	*0.5*	*0.3*
Fishing, hunting and trapping	*0.5*	*0.2*	*0.0*	*0.0*	*0.1*	*0.0*	*0.0*	*0.1*	*0.2*	*0.1*	*0.3*	*0.3*
Mining and oil and gas extraction	*1.2*	*0.5*	*5.4*	*5.3*	*2.5*	*3.1*	*1.2*	*0.8*	*2.8*	*2.5*	*0.9*	*0.5*
Utilities	0.8	0.6	1.0	1.0	0.9	0.8	1.1	1.1	0.9	0.8	1.1	0.8
Construction	8.0	6.2	7.0	6.5	5.7	5.6	5.0	4.6	7.0	6.8	6.6	5.5
Manufacturing	11.2	9.8	7.4	8.7	5.4	6.1	11.0	12.1	9.2	9.3	16.3	17.3
Services-producing sector	**73.0**	**78.6**	**70.5**	**71.6**	**66.1**	**72.4**	**72.4**	**74.3**	**71.3**	**74.2**	**68.6**	**71.3**
Trade (retail and wholesale)	16.5	15.5	16.1	14.9	15.3	15.9	15.7	15.2	16.1	15.3	15.4	15.3
Transportation and warehousing	5.8	5.4	5.1	5.8	4.2	5.1	6.4	6.0	5.4	5.6	4.6	4.4
Finance, insurance, real estate and leasing	6.2	5.7	5.6	4.9	4.8	5.5	5.6	4.8	5.7	5.3	6.4	5.6
Professional, scientific and technical services	5.4	6.7	4.4	7.2	2.3	3.6	3.3	4.1	4.4	6.2	4.1	6.3
Management and administrative and support services	2.4	3.8	2.7	3.6	1.8	2.5	2.2	3.4	2.4	3.5	2.5	4.1
Educational services	5.5	6.7	6.3	6.1	6.6	7.4	6.8	7.1	6.3	6.6	6.1	6.2
Health care and social assistance	9.0	10.4	8.6	9.1	10.6	11.5	10.9	12.6	9.6	10.3	9.3	9.6
Information, culture and recreation	4.4	5.2	3.8	4.1	3.6	3.9	3.7	4.3	4.0	4.6	3.8	4.6
Accommodation and food services	7.6	8.5	6.1	7.2	5.8	7.0	6.5	6.4	6.6	7.7	5.7	6.0
Other services	4.8	4.8	4.7	4.8	4.6	4.7	4.9	4.5	4.7	4.7	4.5	4.2
Public administration	5.5	4.0	6.3	3.9	5.5	5.5	6.4	5.8	6.0	4.3	6.2	5.0
Unclassified industries	**1.5**	**3.0**	**1.3**	**1.3**	**1.5**	**1.7**	**1.5**	**1.3**	**1.4**	**2.0**	**1.6**	**3.6**

One of the main differences between the West and the rest of Canada is the percentage of workers in the manufacturing sector. Less than 1 in 10 western jobs is in the manufacturing sector compared to 17.3% in the rest of Canada. In raw terms, there were 469,400 manufacturing sector jobs in the West in 2002 compared to 2,010,600 in the rest of the country (1,181,700 in Ontario alone). Put another way, despite having 30.0% of the population, the West only has 18.9% of the manufacturing jobs.

As a percent of all jobs in the province, Manitoba has the largest proportion of people working in the manufacturing sector at 12.1%. This does not mean, however, that it has a larger manufacturing sector than BC or Alberta. In absolute terms, there were 212,200 manufacturing jobs in BC in 2002, 154,000 in Alberta, and 72,200 in Manitoba. Saskatchewan has the smallest manufacturing sector in relative and absolute terms with only 6.1% (31,000) of its jobs in the manufacturing sector.

Some of the difference in the percentage of jobs in the manufacturing sector that exists between the West and the rest of the country is accounted for by the larger percentage of westerners working in the agriculture and forestry, fishing, mining, and oil and gas sectors. These sectors employ 7.0% of the West's workers compared to 2.7% in the rest of the country. These numbers reinforce the image of the West as an economy tilted toward the production of raw agricultural and natural resource products.

* ROC = Rest of Canada. Source: Derived from Statistics Canada Labour Force Survey data

EMPLOYMENT

Most job growth has taken place in the services-producing sector

Figure 58: Employment Change by Industry, 1990-2002 (number lost or gained and % change)

	BC		AB		SK		MB		West		ROC*	
	# (000s)	%	# (000s)	%	# (000s)	%	# (000s)	%	# (000s)	%	# (000s)	%
All Industries	**407.0**	**26.9**	**395.0**	**29.8**	**22.0**	**4.8**	**42.4**	**7.8**	**917.0**	**22.3**	**1,530.6**	**15.1**
Goods-producing sector	**5.4**	**1.2**	**95.3**	**24.6**	**-25.5**	**-10.1**	**1.2**	**0.8**	**76.4**	**6.8**	**24.8**	**1.1**
Agriculture	0.4	1.2	-34.4	-35.4	-32.9	-38.8	-8.3	-20.3	-75.2	-29.4	-42.5	-20.0
Forestry, fishing, mining, oil and gas	-14.9	-24.2	19.0	23.9	2.4	16.6	-1.6	-20.0	4.7	2.9	-40.4	-22.6
Forestry and logging with support activities	*-1.8*	*-5.6*	*0.4*	*10.3*	*-0.4*	*-25.0*	*0.2*	*-10.5*	*-2.0*	*-5.1*	*1.1*	*2.1*
Fishing, hunting and trapping	*-4.2*	*-48.8*	*0.0*	*0.0*	*-0.6*	*-100.0*	*0.5*	*--*	*-4.3*	*-46.7*	*-4.1*	*-11.6*
Mining and oil and gas extraction	*-8.9*	*-43.0*	*19.4*	*26.0*	*3.3*	*26.8*	*-1.8*	*-26.9*	*12.0*	*10.5*	*-38.5*	*-41.4*
Utilities	-0.6	-4.5	4.2	31.1	-0.3	-6.7	0.4	6.6	3.7	9.9	-14.8	-13.6
Construction	-2.1	-1.5	53.9	55.8	0.6	2.2	-0.1	-0.4	52.3	18.1	-29.2	-4.4
Manufacturing	22.6	11.9	52.7	52.0	4.7	17.9	11.0	18.0	91.0	24.0	161.3	8.7
Services-producing sector	**412.0**	**33.3**	**297.0**	**20.7**	**47.0**	**14.5**	**42.0**	**10.4**	**798.8**	**27.2**	**1362.4**	**19.6**
Trade (retail and wholesale)	54.7	19.5	43.6	19.6	6.3	8.4	3.9	4.5	108.5	16.4	226.0	14.6
Transportation and warehousing	16.9	19.5	31.9	45.4	5.2	25.1	0.5	1.4	56.5	25.2	48.1	10.6
Finance, insurance, real estate and leasing	17.6	17.0	9.2	11.9	4.6	19.6	-2.2	-7.1	29.4	12.4	9.7	1.5
Professional, scientific and technical services	51.4	55.7	65.8	106.4	7.0	61.9	5.9	32.1	130.1	71.2	309.4	73.6
Management and administrative and support services	40.5	98.3	25.3	67.5	3.6	43.2	7.9	64.8	77.5	77.7	223.9	89.4
Educational services	51.6	55.6	12.7	13.4	5.7	17.6	5.1	13.6	75.1	29.2	101.4	16.4
Health care and social assistance	70.6	46.1	41.0	34.0	6.9	13.3	14.6	24.1	133.1	34.5	164.1	19.6
Information, culture and recreation	38.2	51.3	20.7	39.7	2.4	13.6	5.1	24.9	66.4	40.4	144.5	37.4
Accommodation and food services	54.2	41.8	43.7	51.9	7.3	25.6	1.7	4.6	106.9	38.3	120.5	20.6
Other services	21.0	25.8	20.9	32.5	1.6	7.1	0.0	0.0	43.5	22.3	32.5	7.1
Public administration	-5.8	-6.2	-17.7	-20.5	-3.9	-12.2	-0.7	-2.0	-28.1	-11.4	-40.6	-6.5
Unclassified industries	**39.4**	**194.5**	**3.2**	**20.6**	**1.0**	**13.3**	**-0.8**	**-9.3**	**42.8**	**75.0**	**133.7**	**80.8**

Between 1990 and 2002, job growth was stronger in the West (22.3%) than in the rest of the country (15.1%) due to strong growth in BC and Alberta. Job growth in Saskatchewan and Manitoba was relatively modest over this period. A total of 917,900 new jobs were created in the West compared to 1,530,600 outside the region.

Jobs in agriculture continued to decline with only BC posting a small gain in this area. Alberta and Saskatchewan both experienced strong growth in the mining and oil and gas extraction sector. Construction has been booming in Alberta, adding 53,900 jobs to the sector between 1990 and 2002 (a percent increase of 55.8%). The manufacturing sector also posted particularly strong growth in Alberta (52.0%) and solid growth across the West.

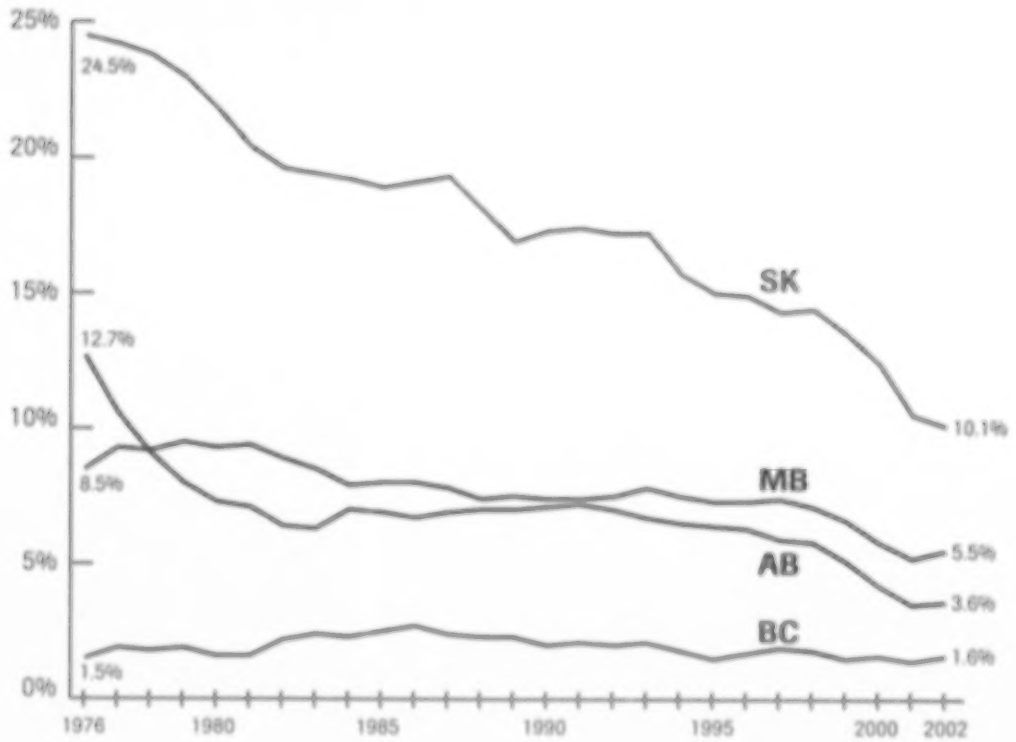
Most job growth, however, occurred in the services-producing sector; 87.0% of all new jobs in the West created between 1990 and 2002 were in the service sector. With the exception of public administration jobs, which are down throughout the region, jobs were created across the full range of the service sector in all four western provinces (the only other exception is a drop in the finance, insurance, real estate and leasing sector in Manitoba).

* ROC = Rest of Canada. Source: Derived from Statistics Canada Labour Force Survey data

EMPLOYMENT

The importance of agricultural jobs on the Prairies has decreased since the mid-1970s

Figure 59: Proportion of Jobs in the Agriculture Sector, 1976-2002 (% of provincial employment)



With the exception of BC, one of the main changes to the western Canadian job market has been the drop in the percentage of jobs in agriculture. Almost a quarter of jobs in Saskatchewan were in agriculture in 1976 compared to 1 in 10 in 2002. Alberta's drop in agricultural employment has also been dramatic (from 12.7% of jobs in 1976 to 3.6% in 2002) while Manitoba's has been less dramatic but still significant (8.5% of jobs in 1976 to 5.5% in 2002). The proportion of jobs in the agricultural sector has remained fairly constant in BC where it is a much smaller portion of total employment than on the Prairies.

Although the proportion of jobs in agriculture has remained essentially flat in BC since 1976, almost twice as many people are working in BC's agricultural sector in 2002 than in 1976 (17,700 in 1976 compared to 33,600 in 2002). The number of people working in agriculture in Manitoba decreased by 6,000 between 1976 and 2002. Over the same period, Alberta and Saskatchewan lost a combined 97,100 jobs in the agricultural sector.

Source: Derived from Statistics Canada Labour Force Survey data.

10. INCOME

"If Canada's economic growth speeds up, would some people be left behind, leading to greater inequality in incomes? This question is critical since Canadians are concerned not just about growth but also about protecting families from poverty."

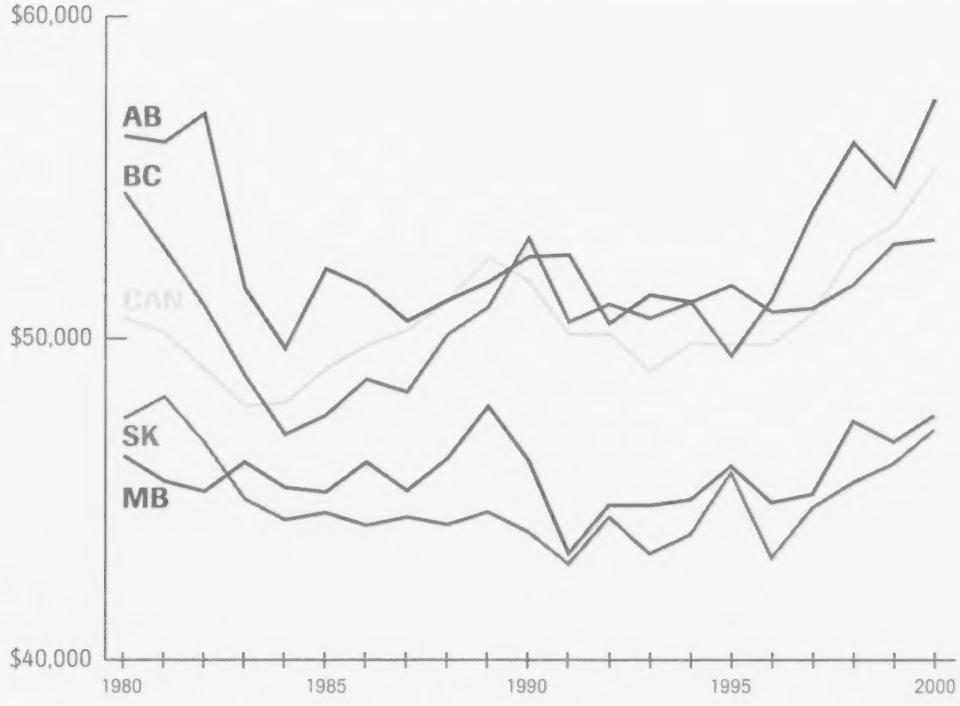
– Jack Mintz
Most Favored Nation: Building a Framework for Smart Economic Policy

- Average income in recent years has been on the rise in the western provinces and the rest of Canada.
- Average income is the highest in Alberta with BC relatively close behind and Saskatchewan and Manitoba much further back.
- Government transfer payments as a percentage of income are down in recent years but are still a significant component of income. Average government transfer payments are lowest in Alberta.
- Government transfer payments are more important to seniors, lone parents, and persons with low income. As the population ages, maintaining government transfer payment programs for seniors will be a challenge.
- Although all income groups have seen a rise in their income levels, the gap between those who make the most and those who make the least has increased over the last two decades.

INCOME

Average income is higher in BC and Alberta than in Saskatchewan and Manitoba

Figure 60: Average Income From All Sources, 1980-2000 (in constant 2000 $)



	Income From Market Sources			*Income From All Sources*			*Income After-Taxes*		
	1980	**1990**	**2000**	**1980**	**1990**	**2000**	**1980**	**1990**	**2000**
Canada	46,269	45,640	49,196	50,659	51,763	55,292	42,921	41,641	44,429
BC	50,802	47,549	47,238	54,559	53,115	53,052	46,231	42,276	42,735
AB	53,186	47,556	52,246	56,294	52,532	57,411	47,172	42,577	46,852
SK	43,597	37,819	41,060	47,518	43,984	47,155	40,976	36,078	38,724
MB	41,969	40,011	41,504	46,355	46,202	47,597	39,840	37,940	39,256
ON	49,027	51,642	57,382	53,046	57,455	63,353	45,204	45,938	51,130
PQ	42,406	40,323	42,670	47,486	46,867	48,983	39,528	37,408	38,059
Atlantic	35,014	36,142	37,948	41,530	44,484	45,643	36,252	37,008	38,009

From 1995 to 2000, average income from all sources in the western provinces made up most or all of the ground it lost after 1980. However, when the effects of taxes are included, we find that average income after-taxes in 2000 is still below 1980 levels across the West. Regardless of which income concept is used (income from market sources, total income from all sources, income after-taxes), average income is highest in Alberta followed by BC and more distantly by Manitoba and Saskatchewan.

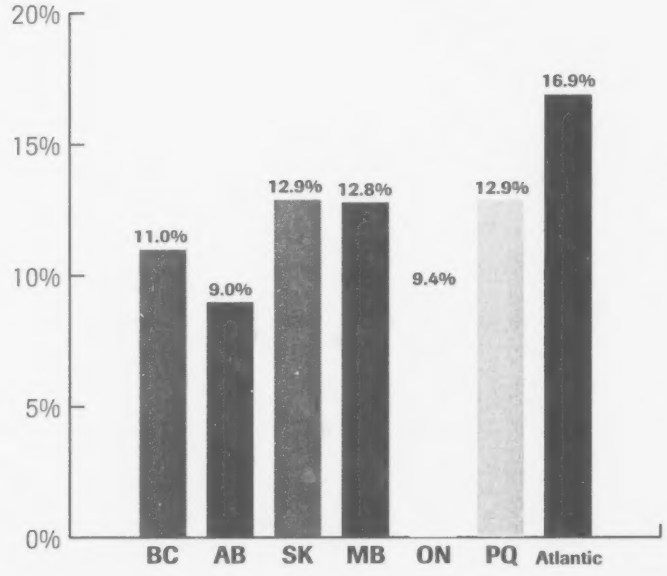
Market income is the sum of earnings (from employment and net self-employment), investment income, private retirement income, and income other than from government transfers. Government transfers include all direct payments from federal, provincial, and municipal governments to individuals or families and include payments from Employment Insurance, the Canada Pension Plan, Old Age Security, the Child Tax Benefit, welfare, workers' compensation, and the GST Credit.

Source: Statistics Canada, *Income Trends in Canada 1980-2000* (CD).

INCOME

Average government transfer payments vary across the West and across the country

Figure 61: Government Transfer Payments as a Percentage of Income From All Sources, 2000



Average Government Transfers	
Canada	$6,096
BC	$5,814
AB	$5,164
SK	$6,095
MB	$6,093
ON	$5,970
PQ	$6,313
Atlantic	$7,695

Government transfer payments such as Employment Insurance (EI) benefits, Old Age Security and Canada Pension Plan payments, Child Tax Benefit payments, and social assistance payments account for a significant portion of income. Higher average income from market sources, a younger population, and less reliance on income transfer programs such as EI due to a strong economy keep the percentage of income from government transfers relatively low in Alberta.

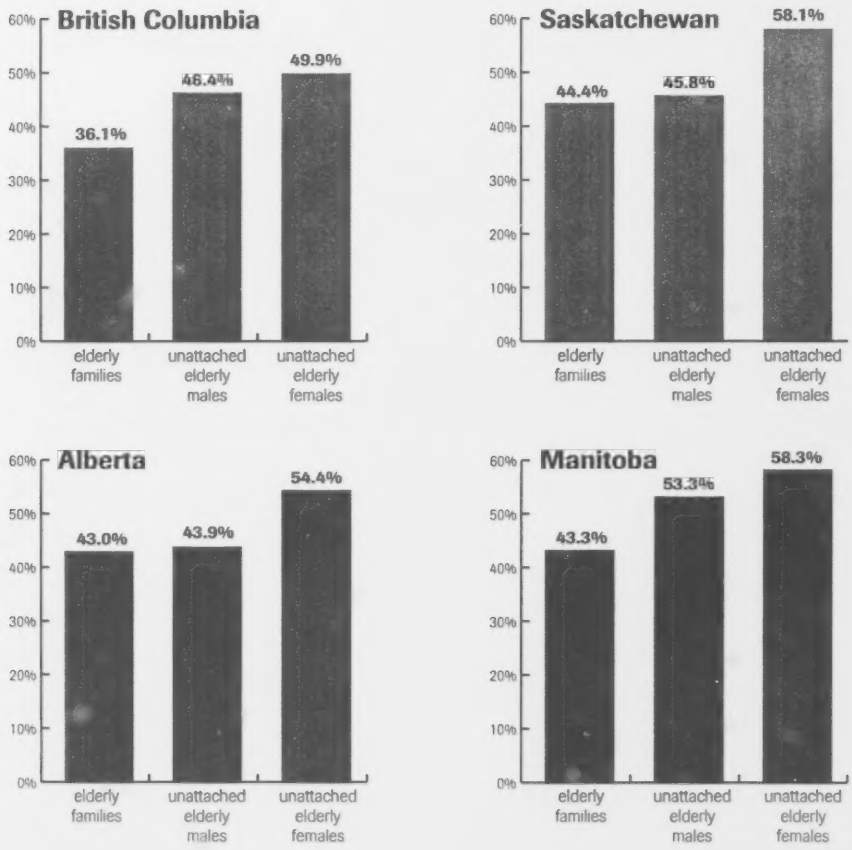
Atlantic Canada leads the country in terms of reliance on government transfers, with Atlantic Canadians receiving an average of 16.9% of the their income in the form of government transfer payments. At almost 13%, Saskatchewan and Manitoba split the difference between Alberta and Ontario on the low end and Atlantic Canada on the high end.

Source: Statistics Canada, *Income Trends in Canada 1980-2000* (CD).

INCOME

Seniors are particularly reliant on government transfer payments

Figure 62: Government Transfer Payments as a Percentage of Income, 2000



Government transfers form a larger portion of income depending on the circumstances of individuals and families. On average, seniors, lone-parent families, and people with low incomes receive a relatively large percentage of their annual income in the form of government transfer payments. Using the example of seniors, we find that between 36.1% and 44.4% of the income of elderly families comes from government transfers, with percentages rising to between 49.9% to 58.3% for unattached elderly females.

The degree to which seniors rely on government transfers highlights the connection between demographic trends and public policy; as the population ages, the cost of maintaining income transfer programs for seniors will also rise. Once again, planning and action in the present are keys to ensuring that we are able to meet the future needs of seniors.

Source: Statistics Canada, *Income Trends in Canada 1980-2000* (CD).

INCOME

The gap between the market earnings of the top 20% of earners and the bottom 20% has grown since 1980

Figure 63: Income Shares by Quintile, 1980 and 2000

Share of Income From Market Sources by Quintile

	BC		AB		SK		MB		ON		PQ		Atlantic	
	1980	2000	1980	2000	1980	2000	1980	2000	1980	2000	1980	2000	1980	2000
Lowest Quintile	1.4	1.4	2.2	1.7	1.8	1.0	1.1	1.0	2.0	1.5	0.8	0.6	0.8	0.6
Second Quintile	10.0	8.0	10.0	8.7	9.4	7.7	9.3	8.1	10.5	8.4	8.8	7.2	8.0	6.7
Middle Quintile	18.5	16.1	17.4	16.5	17.6	15.8	17.2	16.5	18.4	15.8	18.0	15.5	17.3	15.3
Fourth Quintile	26.5	26.5	24.9	25.3	26.5	26.4	26.5	26.4	26.1	24.9	26.7	25.9	27.2	26.3
Highest Quintile	43.7	48.1	45.5	47.8	44.7	49.1	45.9	48.1	43.1	49.4	45.7	50.8	46.7	51.1

Share of After-Tax Income by Quintile

	BC		AB		SK		MB		ON		PQ		Atlantic	
	1980	2000	1980	2000	1980	2000	1980	2000	1980	2000	1980	2000	1980	2000
Lowest Quintile	4.4	4.2	4.8	5.2	5.1	5.5	4.8	5.8	5.1	5.0	5.2	5.5	5.5	5.6
Second Quintile	11.7	11.2	11.2	11.3	11.1	11.6	11.4	11.4	12.2	11.1	11.8	11.4	12.1	11.4
Middle Quintile	18.3	17.3	17.8	17.4	18.1	17.0	17.7	17.4	18.7	16.9	18.6	17.0	18.2	17.1
Fourth Quintile	25.1	25.3	24.5	24.3	25.0	24.8	25.2	24.9	24.9	24.2	25.2	24.1	24.9	24.6
Highest Quintile	40.5	42.0	41.7	41.9	40.7	41.1	40.8	40.6	39.2	42.8	39.3	42.0	39.3	41.3

Almost half of all market income is collected by a fifth of earners. When the redistributive effects of government transfer payments and taxes are included, the gap between the bottom quintile of earners and the top quintile narrows slightly but remains very wide. The ratio of after-tax income taken home by the top quintile versus the bottom quintile ranges from 10 to 1 in BC to 7 to 1 in Manitoba. In this regard, not much has changed since 1980.

It is important to note that income is not typically a static variable in that people take home less income at certain points in their life (e.g., when they first enter the job market) and more at others. Many people will, therefore, move from lower quintiles to higher ones and back as their circumstances change. Nonetheless, income disparity is a real phenomenon and one that appears to be quite rigid. How best to address income disparity and the role to be played by public policy will continue to be a matter of intense debate.

There are some slight variances across the West, but for the most part, the differences among the quintiles and the change over time are roughly the same in all four provinces.

Source: Statistics Canada, *Income Trends in Canada 1980-2000* (CD).

11. GROSS DOMESTIC PRODUCT

"Transition to the knowledge-based economy will probably be slower in the western part of the country, with the region's performance remaining highly dependent on natural resources."

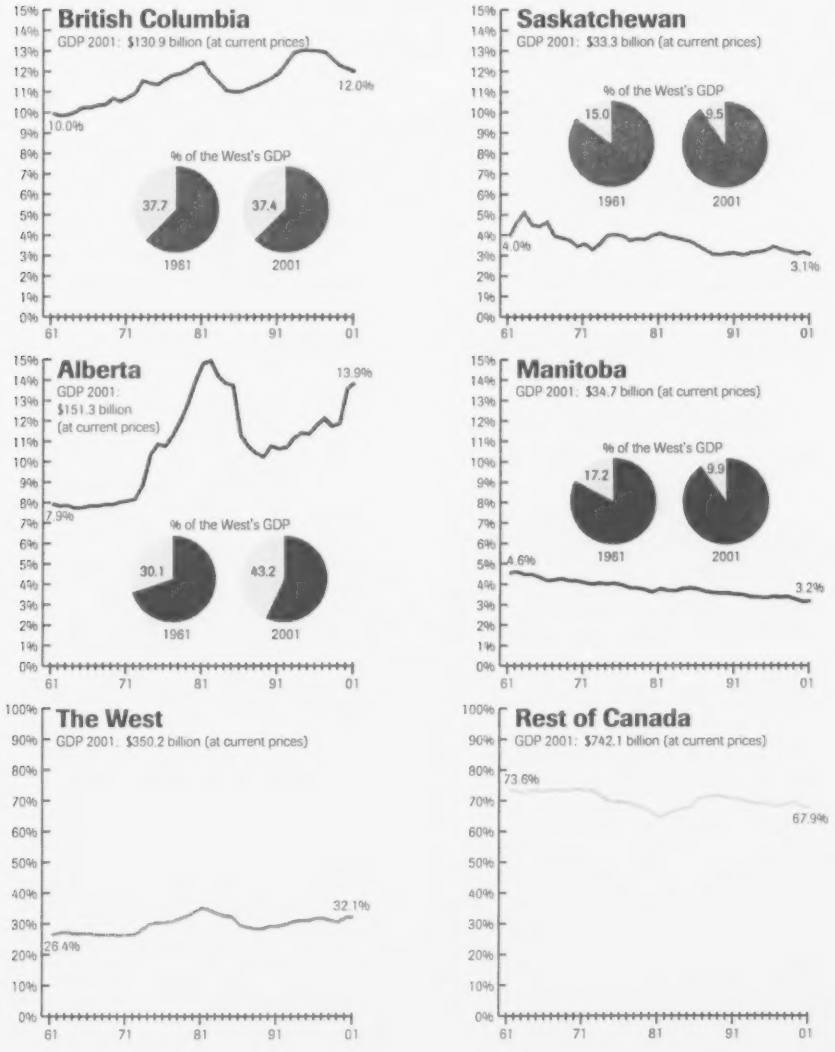
– Organisation for Economic Co-operation and Development
OECD Territorial Reviews: Canada

- With 32.1% of the nation's GDP in 2001, the West's economic output is slightly higher than its share of the national population.
- Alberta is currently the largest economy in the West despite the fact that its population is much smaller than the population of BC.
- Swings in oil and gas prices have a large influence on the relative size of Alberta's economy. Nonetheless, Alberta has averaged 40.1% of the West's GDP over the last 5 years compared to 39.4% for BC (GDP in current terms).
- On a per capita basis, Alberta leads the West in economic output by almost $17,000 per person compared to the next highest level of per capita GDP (Saskatchewan).
- All four western provinces have greatly increased their real per capita output – real per capita output in the West increased by 28.3% between 1991 and 2001.
- The West's economy is less focused on manufacturing than in the rest of Canada.

GROSS DOMESTIC PRODUCT

The West accounts for about a third of the country's economic output

Figure 64: Gross Domestic Product, 1961-2001 (% of national total)



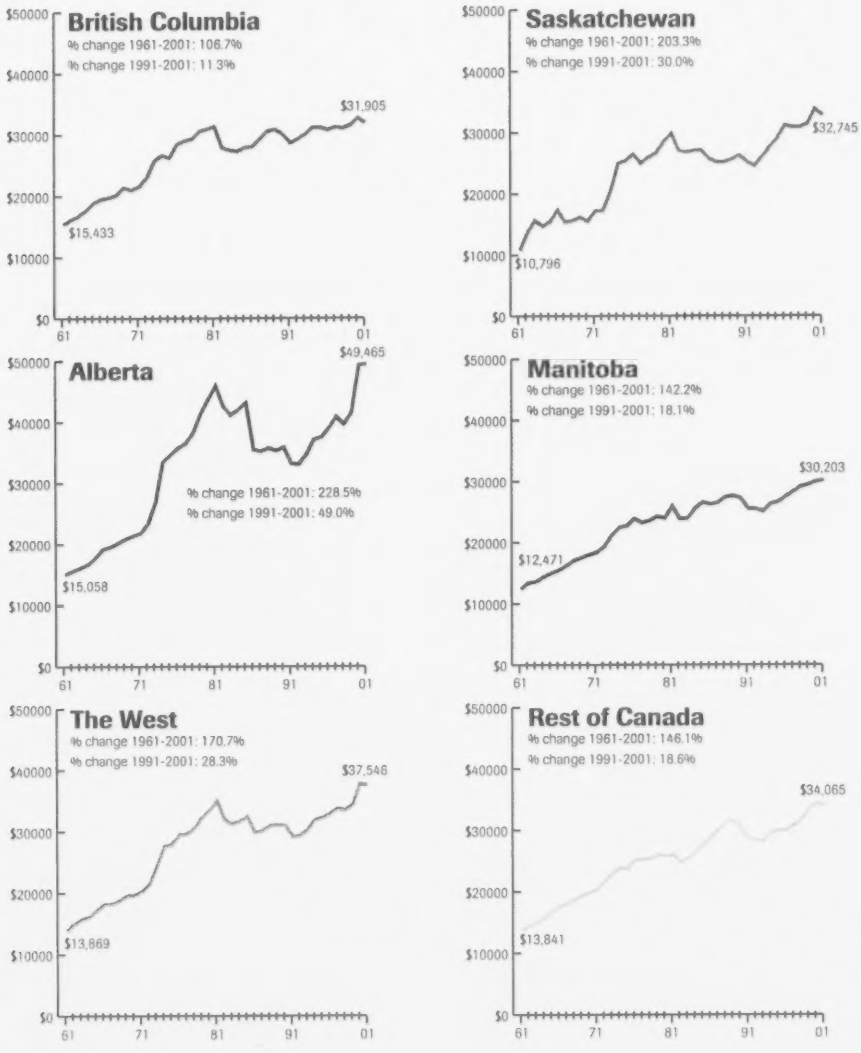
Whether measured in nominal or real terms, western Canada's GDP has been over 30% of the national total for some time now - the West's contribution to national GDP averaged 31.1% from 1992 and 2001. The large percentage of Alberta's GDP that is linked to the export of oil and natural gas causes its percentage of the national and western totals to spike when oil and gas prices are high.

Source: Derived from Statistics Canada System of National Accounts data (Catalogue 13-213S and CANSIM Table 3840002).

GROSS DOMESTIC PRODUCT

There has been dramatic growth in the per capita output of Canadians since 1961

Figure 65: Gross Domestic Product in Constant 2001 Dollars Per Capita, 1961-2001



Adjusting for inflation and population growth, we find that all four western provinces have greatly increased their economic output since 1961. Strong prices for its oil and gas exports have catapulted Alberta's per capita economic output to almost $50,000. Even in years when the price of oil and gas has been relatively low, Alberta has consistently outperformed its western neighbours since 1970.

GDP figures for 1961 through 2001 were converted from nominal (current) dollars to real (constant) 2001 dollars using the Consumer Price Index.

Source: Derived from Statistics Canada System of National Accounts data (Catalogue 13-213S and CANSIM Table 3840002) and annual population estimates.

GROSS DOMESTIC PRODUCT

The industrial composition of the western economies varies within the region and is much different than the economic structure of the rest of Canada

Figure 66: Gross Domestic Product by Industry, 2001 (% of total)

	BC	AB	SK	MB	West	ROC*
			% of total			
ALL INDUSTRIES	**100**	**100**	**100**	**100**	**100**	**100**
Agriculture, Forestry, Fishing and Hunting	3.9	2.6	7.8	5.0	3.8	1.5
Crop and Animal Production	*0.9*	*2.2*	*7.1*	*4.6*	*2.4*	*0.9*
Forestry and Logging	*2.6*	*0.2*	*0.3*	*0.2*	*1.1*	*0.4*
Fishing, Hunting and Trapping	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.1*
Support Activities for Agriculture and Forestry	*0.4*	*0.1*	*0.4*	*0.2*	*0.3*	*0.1*
Mining and Oil and Gas Extraction	3.0	18.2	14.8	2.1	10.2	1.1
Oil and Gas Extraction	*1.4*	*14.8*	*8.2*	*0.3*	*7.4*	*0.2*
Support Activities for Mining and Oil and Gas Extraction	*0.6*	*3.0*	*1.3*	*0.2*	*1.5*	*0.1*
Utilities	2.1	2.4	3.0	3.6	2.5	3.0
Electric Power Generation, Transmission and Distribution	*1.5*	*1.8*	*0.0*	*3.1*	*1.7*	*2.7*
Construction	5.2	7.6	4.5	4.2	6.0	5.0
Manufacturing	10.5	9.6	7.0	12.7	10.0	20.1
SUB-TOTAL: GOODS-PRODUCING INDUSTRIES	**24.7**	**40.5**	**37.2**	**27.8**	**32.6**	**30.7**
Wholesale Trade	4.7	5.4	6.1	6.2	5.3	6.0
Retail Trade	6.3	4.7	5.1	5.5	5.4	5.6
Transportation and Warehousing	5.9	5.5	5.9	6.7	5.8	4.2
Information and Cultural Industries	4.5	3.4	3.4	3.6	3.9	4.7
Finance and Insurance, Real Estate and Rental and Leasing, and Management of Companies and Enterprises	22.9	16.2	16.5	19.7	19.2	19.9
Professional, Scientific and Technical Services	4.4	5.1	2.2	3.0	4.3	4.8
Administrative and Support, Waste Management and Remediation Services	2.2	1.8	1.1	1.9	1.9	2.2
Educational Services	5.2	3.8	4.9	5.3	4.6	4.6
Health Care and Social Assistance	6.7	4.0	6.4	7.3	5.6	5.9
Arts, Entertainment and Recreation	1.1	0.6	0.6	1.0	0.9	0.9
Accommodation and Food Services	3.4	2.8	2.3	2.2	2.9	2.2
Other Services	2.6	2.1	2.4	2.7	2.4	2.2
Public Administration	5.4	4.0	5.8	7.3	5.1	5.9
SUB-TOTAL: SERVICES-PRODUCING INDUSTRIES	**75.3**	**59.5**	**62.8**	**72.4**	**67.4**	**69.3**

The manufacturing sector accounted for 20.1% of economic output in the rest of the country in 2001 compared to only 10.0% in the West. In absolute terms, manufacturing produced $131.6 billion in the rest of Canada in 2001 compared to $29.3 billion in the West.

Conversely, the raw materials sectors (agriculture, forestry, fishing and hunting, mining, and oil and gas extraction) accounted for 14.0% of the West's output ($41.1 billion) compared to 2.6% in the rest of Canada ($17.2 billion). It is also important to note that large segments of the manufacturing sectors of the western provinces are focused on adding value to locally-produced raw natural resource and agricultural products (e.g., the pulp and paper and lumber industries in BC).

* ROC = Rest of Canada. Figures are at basic prices in 1997 constant dollars. Industry classification is based on the North American Industrial Classification System (NAICS). Source: Derived from Statistics Canada System of National Accounts data (CANSIM Table 3790025).

12. TRADE

"By 2010, the world will look even more like three major trading areas: Europe, Asia, and North America. Although we will still be looking for opportunities for trade and involvement beyond North America, the truth is that, by 2010, our business linkages will be even more driven by our relationships within North America."

– The Conference Board of Canada
Performance and Potential 2002-03

- The West's exports are dominated by raw and semi-processed natural resource products; this is very different from the situation in Ontario – the nation's largest exporter – where integrated cross-border automobile manufacturing dominates.
- All four western provinces have seen a significant rise in their export and import activity since the 1980s; this signals a profound shift in the regional economy toward greater involvement in the continental and global economies.
- The increase in foreign trade has boosted economic growth and standards of living by allowing the western provinces to expand the markets for their goods well beyond what is possible within the country or a less open global system.
- Interprovincial trade remains a large component of the western economy but has not kept pace with the growth in international (particularly North-South) trade.
- The US is the West's main trading partner; BC and Saskatchewan are less reliant on the US market than are Alberta and Manitoba.

TRADE

Exports to other countries as a percentage of overall economic output are up across the West, indicating deeper and deeper involvement in the continental and global economies

Figure 67: International Exports as a Percentage of GDP, 1981-2001

Bars = Exports and GDP at Current Prices

Black Line = Exports and GDP at 1997 Prices

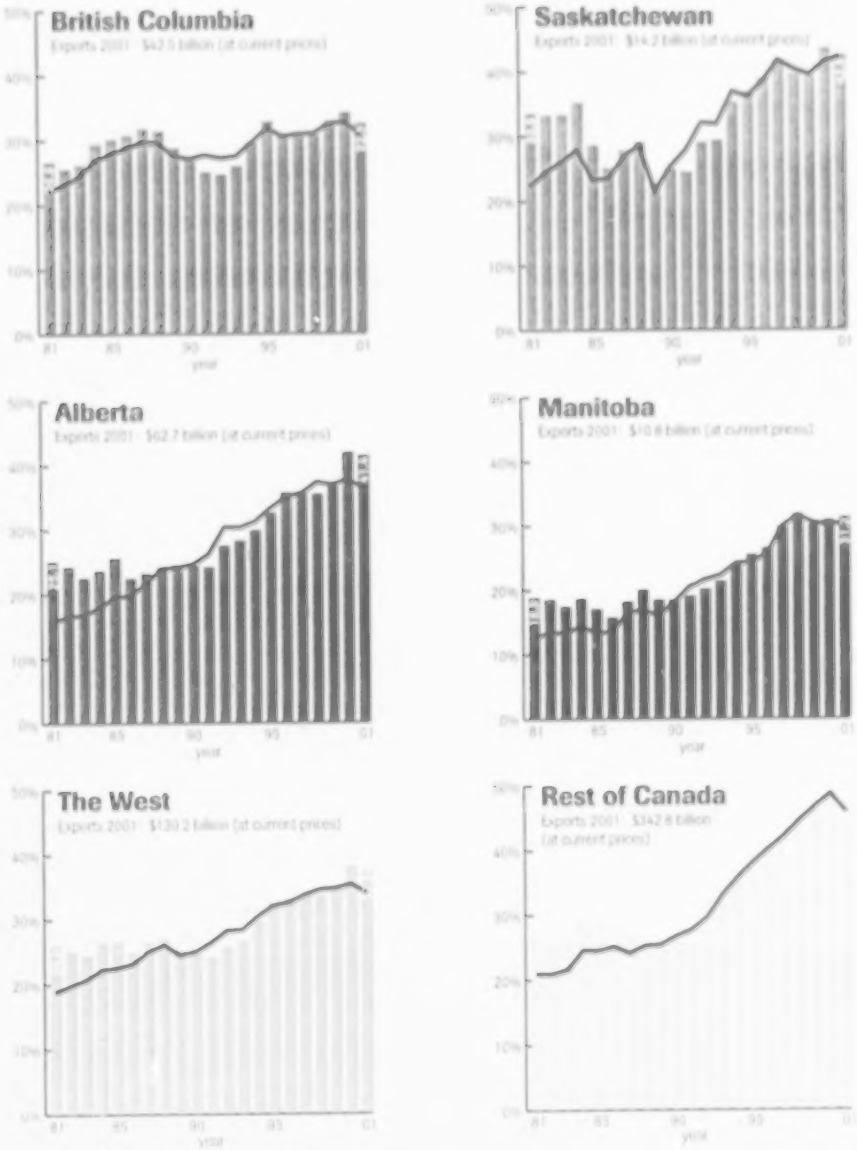
Figures include exports of goods and services.

Source: Derived from Statistics Canada System of National Accounts data (CANSIM Table 3840002).

TRADE

Exports to other countries as a percentage of overall economic output are up across the West, indicating deeper and deeper involvement in the continental and global economies

Figure 67: International Exports as a Percentage of GDP, 1981-2001



Bars = Exports and GDP at Current Prices

Black Line = Exports and GDP at 1997 Prices

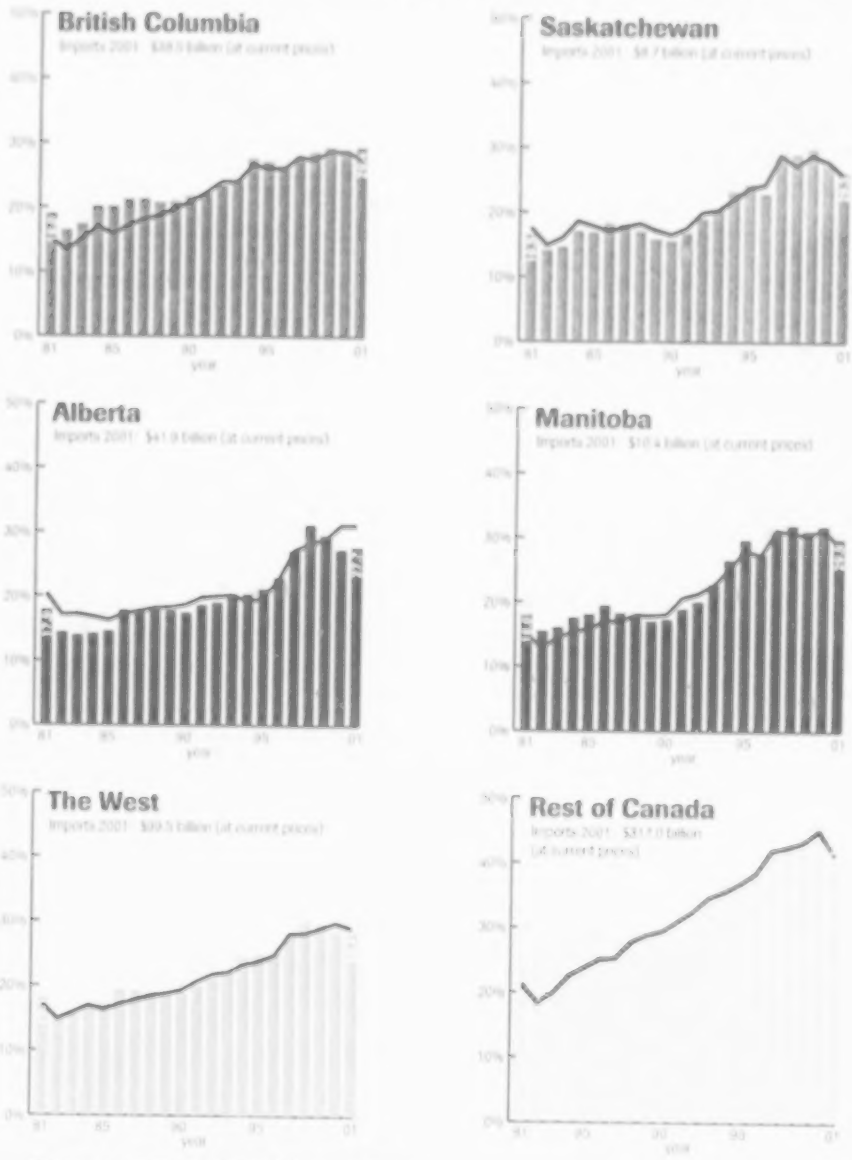
Figures include exports of goods and services.

Source: Derived from Statistics Canada System of National Accounts data (CANSIM table 3840002).

TRADE

Just as we are exporting more goods and services to other countries, we are importing more as well

Figure 68: International Imports as a Percentage of GDP, 1981-2001



Bars = Imports and GDP at Current Prices

Black Line = Imports and GDP at 1997 Prices

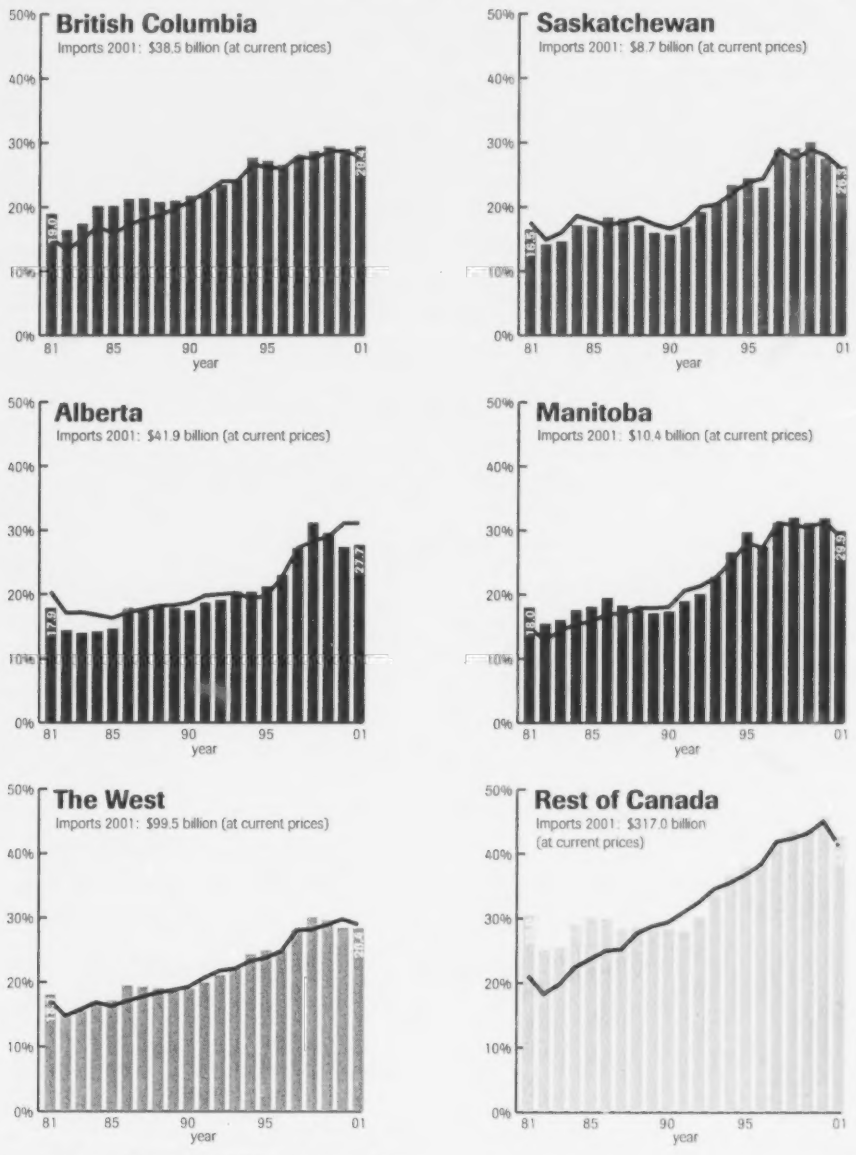
*Includes imports of goods and services

Source: Derived from Statistics Canada System of National Accounts data (CANSIM Table 3840020)

TRADE

Just as we are exporting more goods and services to other countries, we are importing more as well

Figure 68: International Imports as a Percentage of GDP, 1981-2001



Bars = Imports and GDP at Current Prices

Black Line = Imports and GDP at 1997 Prices

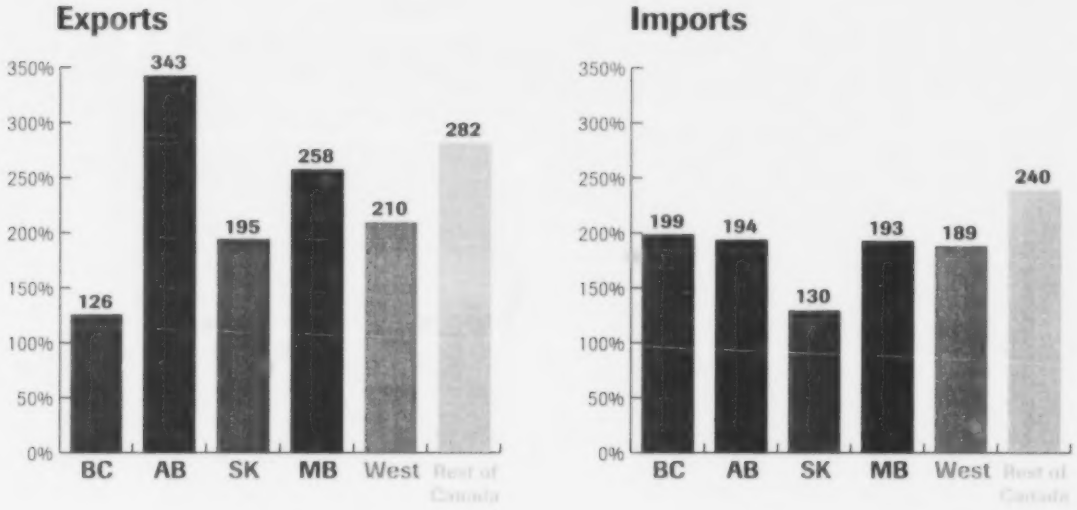
Figures include imports of goods and services

Source: Derived from Statistics Canada System of National Accounts data (CANSIM Table 3840002)

TRADE

The volume of trade with other countries has increased dramatically since 1981 with the West trailing the rest of Canada somewhat in this regard

Figure 69: Percent Change in Real Exports and Imports, 1981-2001



Trade with other countries – particularly the United States – has increased dramatically in all four western provinces with Alberta leading the growth in the real value of international exports since 1981. The rise in export volumes has been accompanied by a significant jump in import activity with the West increasing the real value of its imports by 189% between 1981 and 2001.

The increase in international trade signals a fundamental shift in the economies of the western provinces toward US and other foreign markets, and highlights the importance of international trade for the prosperity of the region.

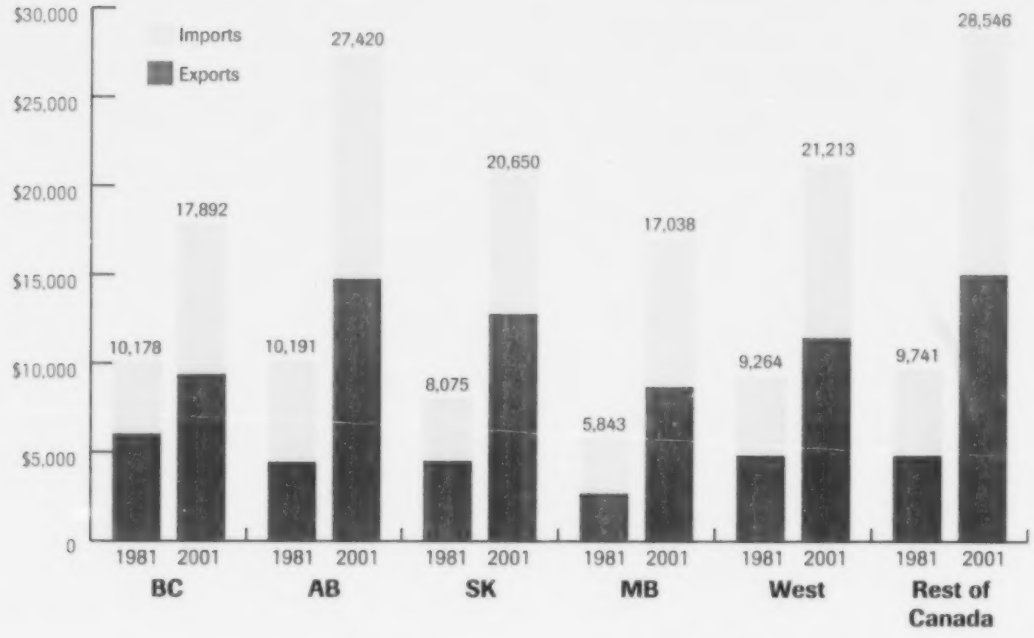
The expansion of international trade and a more open global economy have fueled economic growth in western Canada. The region has looked beyond its borders and benefited greatly as a result. Maintaining access to foreign markets and remaining competitive in a global economy full of existing and potential economic rivals are absolutely critical to both the region's and the country's long-term prosperity.

Figures include exports and imports of goods and services. Figures are expressed in real terms using 1997 prices.
Source: Derived from Statistics Canada System of National Accounts data (CANSIM Table 3840002).

TRADE

Alberta leads the West in per capita international trade

Figure 70: Real International Exports and Imports Per Capita, 1981 and 2001



The magnitude of the increase in international trade is made clear when it is looked at on an individual basis. In real per capita terms (i.e., controlling for both population increases and price changes), the West traded $11,949 more per person with other countries in 2001 than it did in 1981.

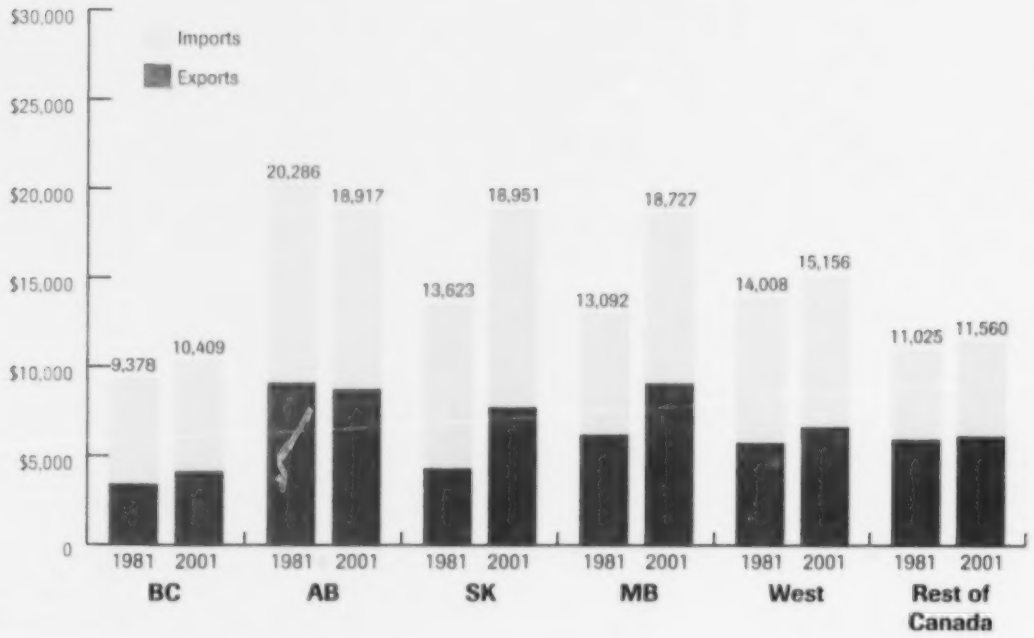
The huge volume of trade between Ontario and the US, linked to integrated cross-border production in the auto sector, has driven the per capita level of trade in the rest of Canada much higher than in the West ($28,546 versus $21,546). With a per capita trade level of $27,420 in 2001, Alberta leads the West in terms of its immersion in the global economy as both a buyer and a seller. The gap between Alberta and the other western provinces, however, is one of degree rather than substance with BC, Saskatchewan, and Manitoba all exporting and importing huge volumes of goods and services.

Figures include exports and imports of goods and services. Figures are expressed in real terms using 1997 prices.
Source: Derived from Statistics Canada System of National Accounts data (CANSIM Table 3840002) and annual population estimates.

TRADE

While there is a significant volume of trade among provinces, it is lower than international trade in every western province except Manitoba

Figure 71: Real Interprovincial Exports and Imports Per Capita, 1981 and 2001



Trade among the provinces has not increased to the same degree as international trade (it has decreased on a per capita basis in Alberta) and it is less than international trade in every western province except Manitoba. Nonetheless, interprovincial trade in the West was still equal to over $15,000 per person in 2001 and, as such, represents a very important component of the western economy. We still buy and sell a lot with one another (and this does not include trade within provinces).

BC is the least focused on interprovincial trade with a per capita level of interprovincial trade of only $10,409 compared to levels well over $18,000 in the Prairie provinces. Relative to the rest of the country, the West is more dependent on interprovincial trade. It is also important to keep the absolute value of trade in mind. Even though the rest of Canada trades less with other provinces on a per capita basis than does the West, its total interprovincial exports and imports were $252 billion in 2001 (at 1997 prices) compared to $141 billion for the West. The same is true for BC; BC has the lowest per capita level of interprovincial trade in the West but the second highest absolute level ($43 billion) after Alberta ($58 billion).

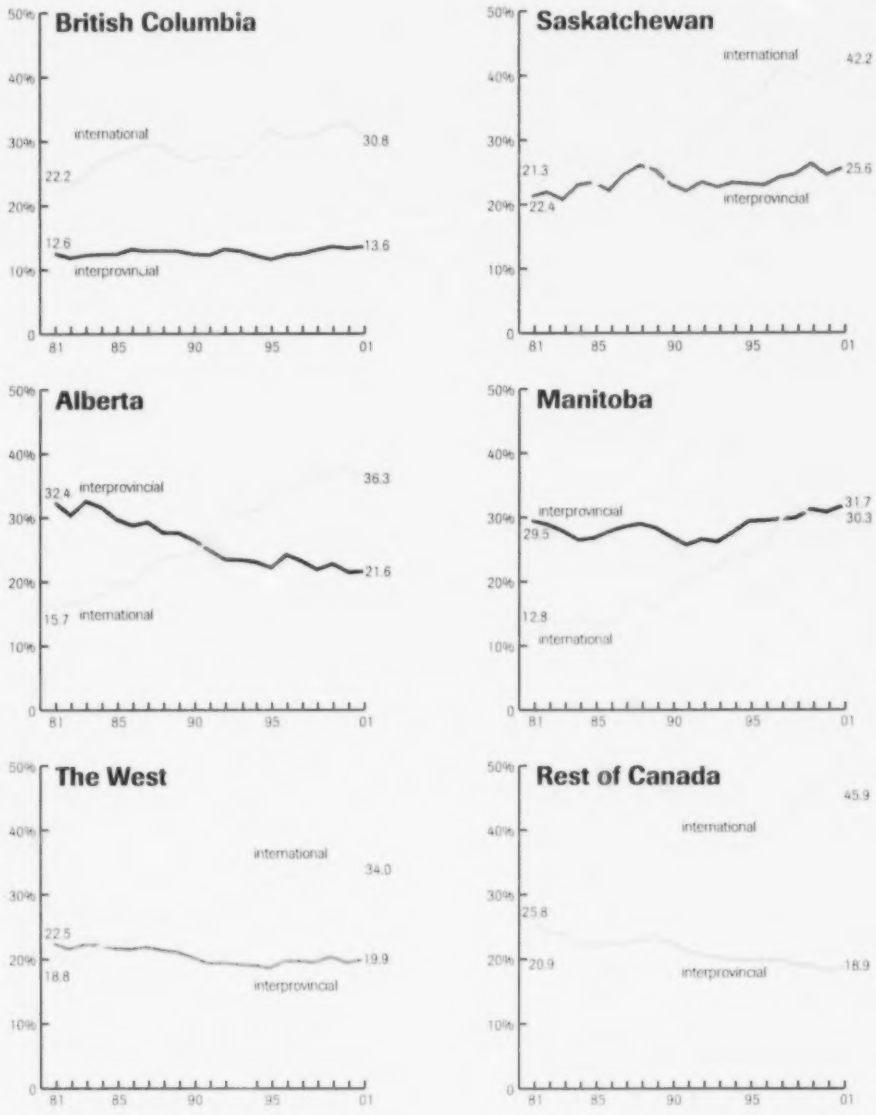
From a policy perspective, it is important not to forget the value of interprovincial trade while addressing the challenges of rising international trade. North-south transportation links, for example, are clearly important, but so too are east-west links. The point is that trade of all types should be on the radar screen of westerners. Nonetheless, Figure 72 on the next page highlights why international trade gets the attention that it does. As a percentage of GDP, international trade has been on the rise while interprovincial trade has increased only slightly or, in the case of Alberta and its particularly high level of foreign trade, decreased.

Figures include exports and imports of goods and services. Figures are expressed in real terms using 1997 prices.
Source: Derived from Statistics Canada System of National Accounts data (CANSIM Table 3840002) and annual population estimates.

TRADE

In both the West and the rest of Canada, international exports as a percentage of the economy have been growing while interprovincial exports have decreased in importance

Figure 72: International Exports Compared to Interprovincial Exports, 1981-2001 (% of GDP)

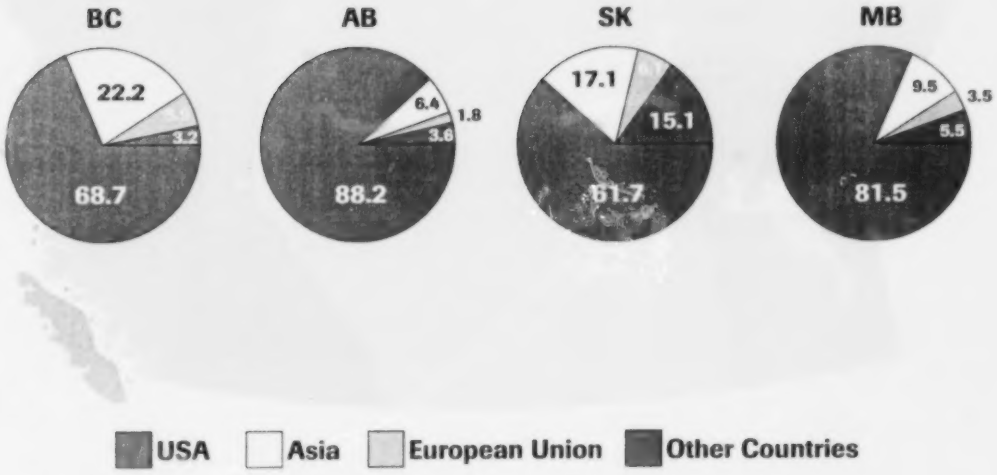


Figures include exports of goods and services. Figures are expressed in real terms using 1997 prices.
Source: Derived from Statistics Canada System of National Accounts data (CANSIM Table 3840002).

TRADE

The US is the main destination of western Canadian international exports

Figure 73: International Merchandise Exports by Destination, 2002 (% of total)



The United States is the main destination of the West's international merchandise exports (information on service exports is not readily available). The US was the destination of between 61.7% and 88.2% of goods leaving the West for foreign markets in 2002, with Alberta and Manitoba at the high end of the range, and BC and Saskatchewan at the low end.

Asian countries are the West's second largest export market with BC leading the West in this regard. Trade with the countries of the European Union is significant, but is dwarfed by trade with the US and Asia.

Saskatchewan has a particularly diverse set of markets with 15.1% of its exports heading for destinations other than the US, Asia, and the EU, and the lowest percentage in the West with regards to the value of its goods heading south of the border.

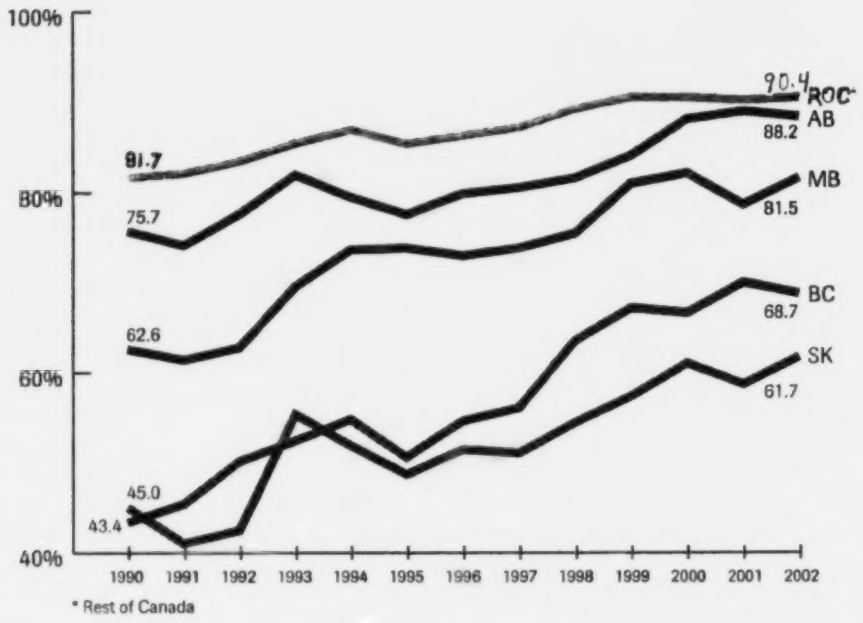
Again, it is important to keep in mind the relative size of the western provinces when interpreting these data. For example, even though 17.1% of Saskatchewan's trade is with Asian countries compared to only 6.4% of Alberta's, Alberta still sold more to Asian countries ($3.2 billion) than did Saskatchewan ($2.0 billion).

Figures are for exports of goods (merchandise) only and do not include exports of services.
Source: Industry Canada, Trade Data Online.

TRADE

Trade with the US has been increasing relative to trade with other countries in all four western provinces

Figure 74: Merchandise Exports to the United States, 1990-2002 (% of total)



* Rest of Canada

Proximity, familiarity, strong economic growth in the US, a low dollar, integrated production, free trade agreements, and the entrepreneurial efforts of Canadians are key factors responsible for the rise in Canada's trade with the US. As a country, we sent 87.4% of our goods south of the border in 2002. The West is somewhat less reliant on the US – 78.8% of the West's merchandise exports went to the US in 2002 – but only in a relative sense. For mostly better, but sometimes worse, the US market is our bread and butter. Hence, a dip in US demand (as happened in the months after September 11) or trade disputes with the US have a huge influence on the West's exports and, in turn, its economy. This highlights the importance of diversifying the West's export markets – not at the expense of our trade with the US, but as way to add to it and create some wiggle room when US policies adversely affect us.

Being active in the continental and global economies brings many advantages but it also means we have to be prepared to address setbacks such as the downturn in the Asian economy a few years ago or strained relations with our main trading partner.

Figures are for exports of goods (merchandise) only and do not include exports of services.
Source: Industry Canada, Trade Data Online

TRADE

BC's trade with Japan is down as both a percentage of its total international merchandise trade and in absolute terms

Figure 75: Merchandise Exports by Top Ten Destinations, 1990 and 2002

British Columbia	1990 $ millions	1990 % of total	2002 $ millions	2002 % of total
United States	7,445	**43.4**	20,516	**68.7**
Japan	4,646	**27.1**	3,856	**12.9**
China	201	**1.2**	834	**2.8**
South Korea	611	**3.6**	763	**2.6**
Italy	348	**2.0**	417	**1.4**
Taiwan	241	**1.4**	351	**1.2**
United Kingdom	696	**4.1**	346	**1.2**
Germany	519	**3.0**	321	**1.1**
Hong Kong	95	**0.6**	278	**0.9**
Netherlands	203	**1.2**	223	**0.7**
OTHERS	2,160	**12.6**	1,972	**6.6**
TOTAL	17,165	**100.0**	29,876	**100.0**

Saskatchewan	1990 $ millions	1990 % of total	2002 $ millions	2002 % of total
United States	2,451	**45.0**	7,011	**61.7**
Japan	655	**12.0**	704	**6.2**
China	551	**10.1**	482	**4.2**
Algeria	76	**1.4**	284	**2.5**
Mexico	20	**0.4**	224	**2.0**
Belgium	65	**1.2**	200	**1.8**
France	16	**0.3**	190	**1.7**
Brazil	56	**1.0**	169	**1.5**
South Korea	76	**1.4**	152	**1.3**
India	22	**0.4**	146	**1.3**
OTHERS	1,457	**26.8**	1,800	**15.8**
TOTAL	5,445	**100.0**	11,363	**100.0**

Alberta	1990 $ millions	1990 % of total	2002 $ millions	2002 % of total
United States	11,721	**75.7**	43,877	**88.2**
Japan	1,100	**7.1**	1,184	**2.4**
China	325	**2.1**	750	**1.5**
Mexico	50	**0.3**	439	**0.9**
South Korea	342	**2.2**	430	**0.9**
Taiwan	155	**1.0**	274	**0.6**
United Kingdom	73	**0.5**	192	**0.4**
Italy	43	**0.3**	130	**0.3**
Belgium	45	**0.3**	129	**0.3**
France	38	**0.2**	114	**0.2**
OTHERS	1,593	**10.3**	2,201	**4.4**
TOTAL	15,485	**100.0**	49,720	**100.0**

Manitoba	1990 $ millions	1990 % of total	2002 $ millions	2002 % of total
United States	2,030	**62.6**	7,678	**81.5**
Japan	245	**7.6**	470	**5.0**
Mexico	13	**0.4**	159	**1.7**
Hong Kong	7	**0.2**	112	**1.2**
Belgium	94	**2.9**	110	**1.2**
China	168	**5.2**	74	**0.8**
United Kingdom	70	**2.1**	67	**0.7**
Taiwan	42	**1.3**	54	**0.6**
Australia	10	**0.3**	53	**0.6**
South Korea	17	**0.5**	39	**0.4**
OTHERS	547	**16.9**	599	**6.4**
TOTAL	3,244	**100.0**	9,415	**100.0**

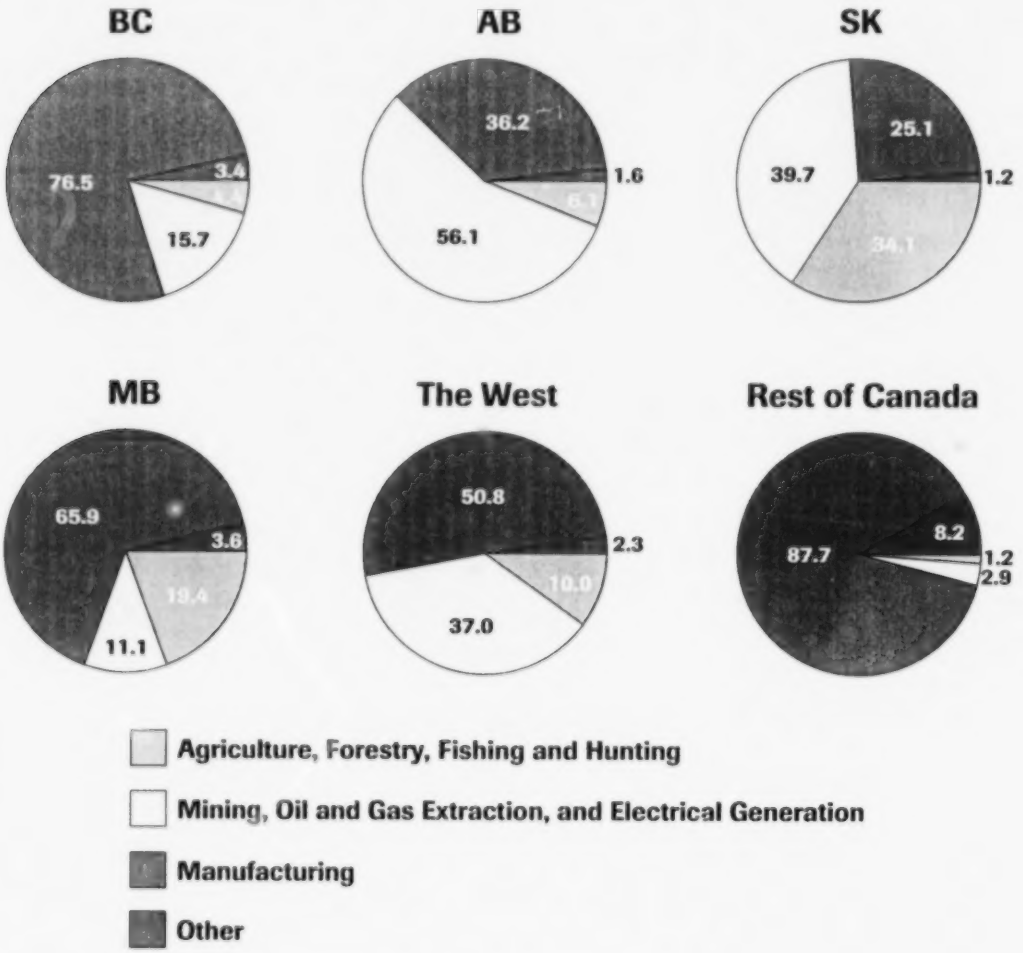
The western provinces trade with a wide variety of countries. Japan is second to the US as a destination for western Canadian goods in all four provinces, but its percentage of total exports has declined since 1990. In general, the "Asian Miracle" that was supposed to dramatically increase the West's trade with Asia has not happened and has been replaced by a deeper trade relationship with the US. There is, however, a great deal of room for growth in our trade with Asia even if it does not turn out to be a miracle.

Figures are for exports of goods (merchandise) only and do not include exports of services.
Source: Industry Canada, Trade Data Online

TRADE

Only about half of the West's international exports are manufactured products compared to almost 90% of the exports from the rest of Canada

Figure 76: International Merchandise Exports by Major Industrial Sector, 2002 (% of total)



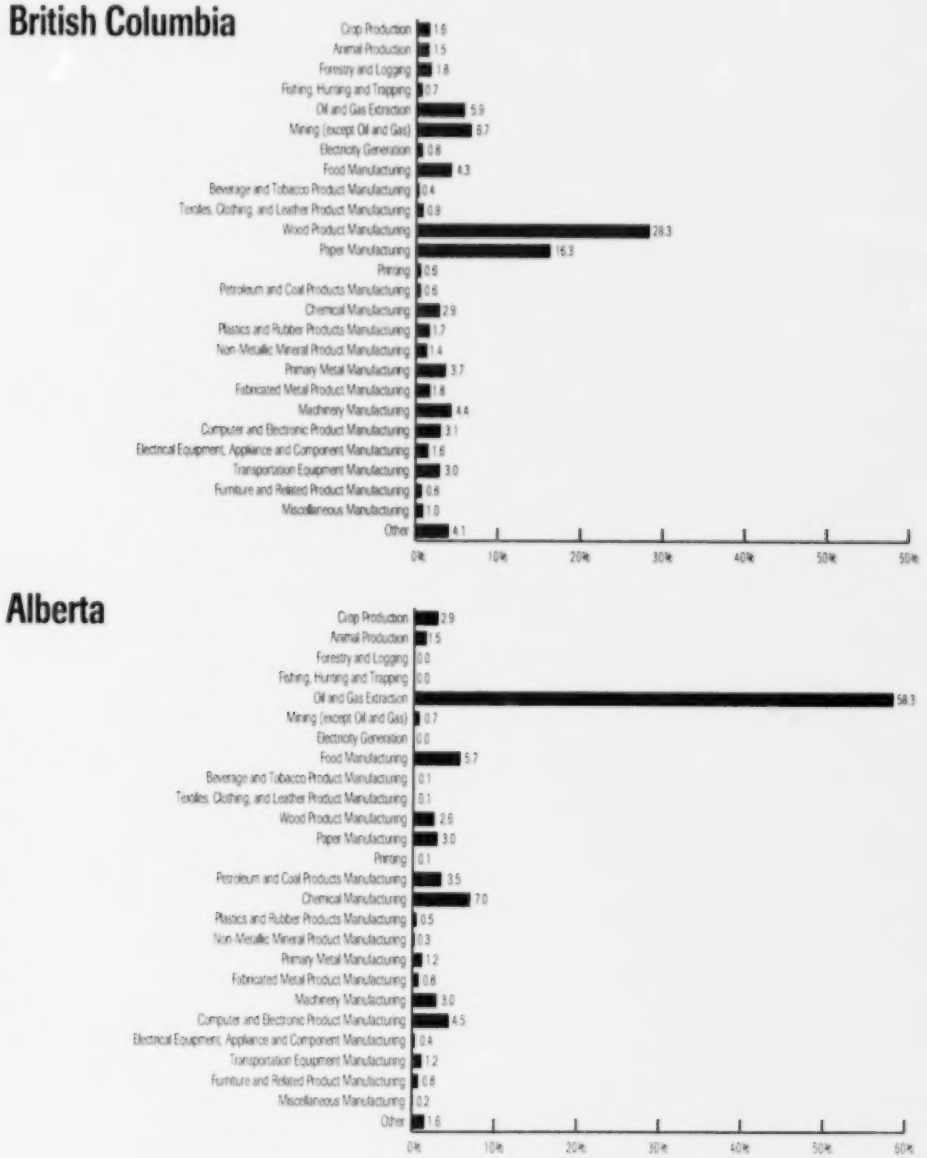
Raw agricultural products account for over a third of Saskatchewan's merchandise exports and almost a fifth of Manitoba's while oil and gas sales dominate Alberta's export mix. The largest percentage of goods leaving BC for foreign markets falls into the manufactured category. It is important to note, however, that much of this is wood and paper made from the province's rich forest endowment. It is safe to say that the export mix of all four western provinces remains rooted in their natural resources, although Manitoba does stand out in this regard with a relatively broad array of manufacturing sectors contributing significant percentages of sales to its export mix.

Figures are for exports of goods (merchandise) only and do not include exports of services. Industry classification is based on the North American Industrial Classification System (two-digit level). Source: Industry Canada, Trade Data Online

TRADE

BC's international merchandise exports are dominated by forestry products while Alberta's are dominated by oil and gas

Figure 77: International Merchandise Exports by Industry, 2002 (% of total)

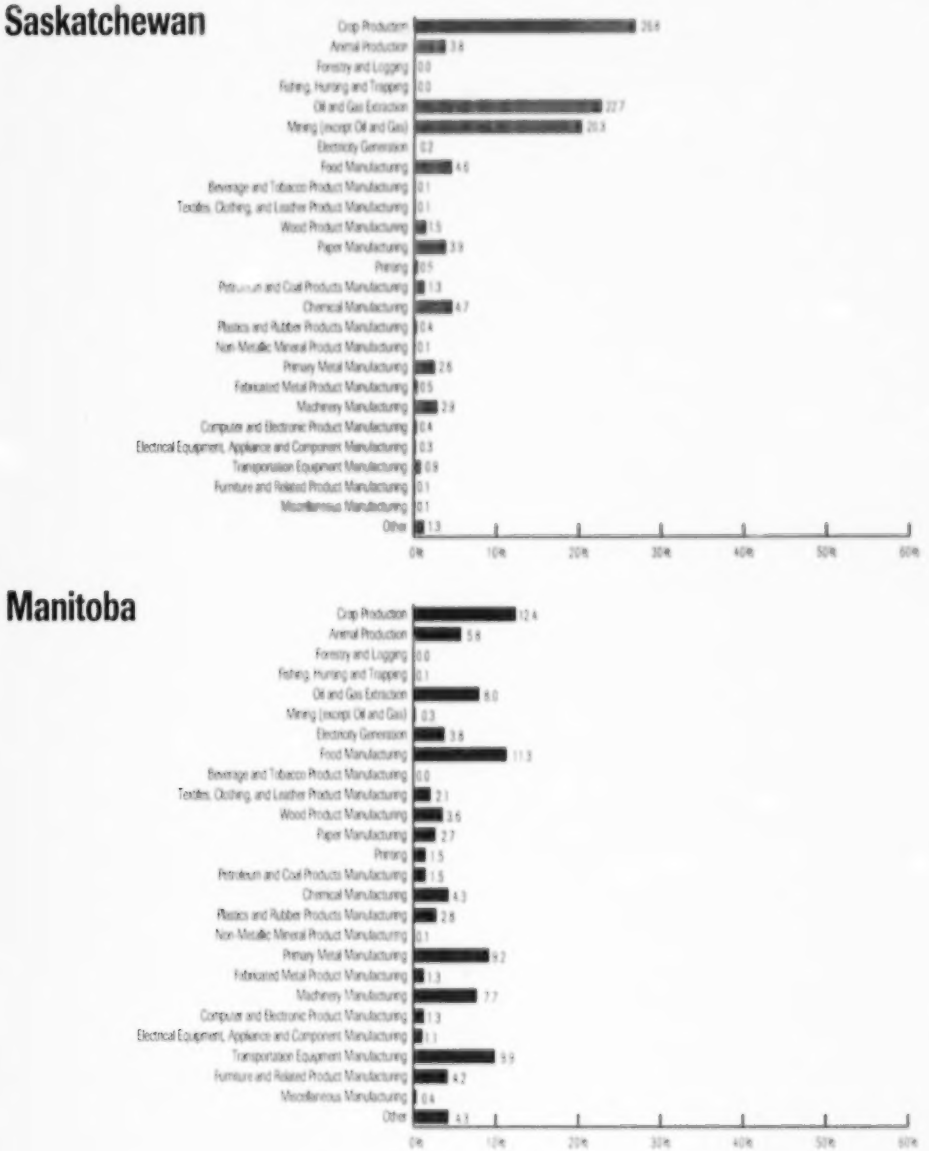


Figures are for exports of goods (merchandise) only and do not include exports of services. Industry classification is based on the North American Industrial Classification System (three-digit level). Source: Industry Canada, Trade Data Online.

TRADE

The agriculture, oil and gas, and mining sectors account for most of Saskatchewan's international merchandise exports while Manitoba has a much more balanced export mix

Figure 78: International Merchandise Exports by Industry, 2002 (% of total)



Figures are for exports of goods (merchandise) only and do not include exports of services. Industry classification is based on the North American Industrial Classification System (three-digit level). Source: Industry Canada, Trade Data Online

TRADE

The West's export mix is dominated by agricultural and natural resource products while the rest of Canada's mix is dominated by auto sector exports

Figure 79: International Merchandise Exports by Industry, 2002 (% of total)

Figures are for exports of goods (merchandise) only and do not include exports of services. Industry classification is based on the North American Industrial Classification System (three-digit level). Source: Industry Canada, Trade Data Online.

13. PUBLIC FINANCE

"The general lack of commitment among governments for lasting debt reduction suggests that provincial debt will continue to grow, leaving economic expansion as the main source of potential improvement in provincial debt-to-GDP ratios."

– Eric Beauchemin and Paul Judson
The Canadian and Federal Provincial Governments - 2002 Overview

- Health care spending, already the largest area of provincial expenditure, will continue to rise as the population ages. Developing creative and effective ways to contain health care spending while maintaining high quality services is a critical policy challenge that will become even more important over the next 10-20 years.

- With net tax-supported debt of less than $1,000 per person, Alberta is in the best fiscal shape of the three western provinces. This points to significant differences in fiscal capacity that exist within the region.

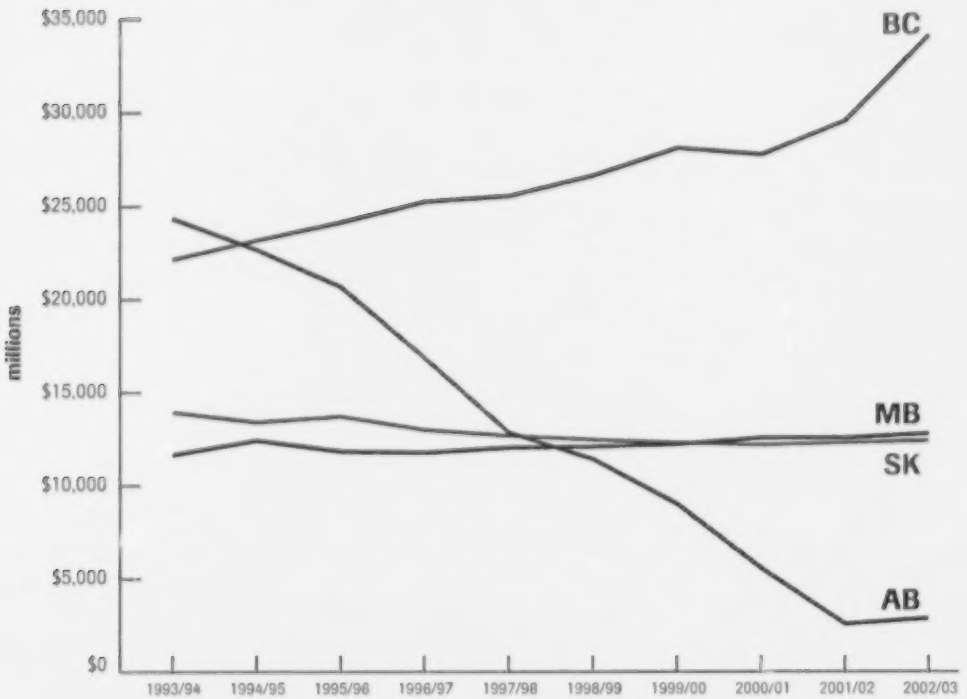
- BC, Alberta, and Saskatchewan have access to large amounts of revenue from natural resource stocks; these revenues, however, are notoriously volatile.

- Economic growth is expected to slow and, in turn, dampen provincial revenue growth. When this is coupled with spending pressures, provincial debt is projected to increase in the years ahead.

PUBLIC FINANCE

Alberta's debt has decreased substantially over the last ten years

Figure 80: Net Tax-Supported Debt, 1993/94-2002/03



	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
					(millions of $)					
BC	22,151	23,187	24,136	25,239	25,560	26,644	28,128	27,783	29,606	34,187
AB	24,347	22,682	20,685	16,876	12,870	11,440	9,029	5,575	2,572	2,882
SK	13,958	13,421	13,739	13,007	12,705	12,484	12,317	12,205	12,332	12,441
MB	11,665	12,438	11,861	11,791	12,059	12,116	12,234	12,573	12,583	12,808
ON	93,605	104,141	115,354	115,652	119,661	121,708	121,211	119,198	120,004	120,542
PQ	87,902	98,177	101,061	104,033	123,663	128,906	127,979	131,110	134,392	135,922
NB	6,666	6,824	6,550	6,088	6,552	6,471	6,729	6,764	6,801	6,893
NS	9,391	11,001	10,428	9,926	10,035	11,550	12,237	12,879	12,489	12,820
PEI	1,082	1,071	1,122	1,061	1,070	1,069	1,047	1,087	1,192	1,318
NF	8,083	8,533	8,657	8,459	8,498	8,885	9,030	9,519	9,962	10,372
Fed	508,210	545,672	574,289	583,186	579,708	576,824	564,526	545,396	536,489	532,485

The Dominion Bond Rating Service forecasts increases in provincial debt due to a combination of factors including rising health care and infrastructure spending, slower revenue growth, and increases in unfunded pension liabilities.

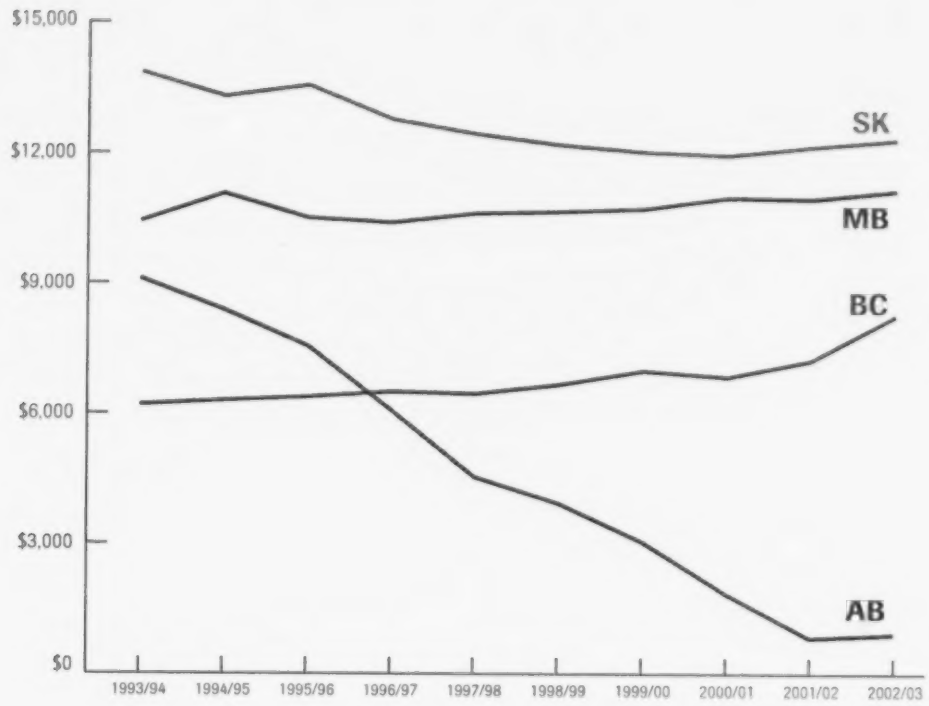
Debt is defined by the Dominion Bond Rating Service (DBRS) as tax-supported debt plus unfunded pension liabilities, less sinking funds and internal holdings. DBRS figures are not the same as those reported by governments.

Source: Dominion Bond Rating Service, *The Canadian Federal and Provincial Governments – 2002 Overview*

PUBLIC FINANCE

On a per capita basis, Saskatchewan has the highest debt level in the West

Figure 81: Net Tax-Supported Debt Per Capita, 1993/94-2002/03



	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
					($ per capita)					
BC	6,201	6,297	6,378	6,502	6,455	6,666	6,983	6,845	7,228	8,255
AB	9,116	8,385	7,549	6,069	4,536	3,935	3,050	1,853	839	926
SK	13,862	13,292	13,547	12,758	12,432	12,179	12,017	11,942	12,138	12,296
MB	10,430	11,067	10,499	10,395	10,606	10,647	10,713	10,971	10,942	11,130
ON	8,757	9,619	10,521	10,418	10,638	10,688	10,519	10,201	10,106	9,988
PQ	12,268	13,622	13,956	14,302	16,933	17,600	17,412	17,770	18,134	18,232
NB	8,893	9,087	8,713	8,085	8,686	8,588	8,920	8,955	8,983	9,109
NS	10,167	11,876	11,241	10,659	10,733	12,340	13,018	13,687	13,244	13,570
PEI	8,178	8,010	8,323	7,791	7,816	7,806	7,588	7,880	8,609	9,424
NF	13,932	14,844	15,243	15,089	15,340	16,302	16,691	17,727	18,656	19,512
Fed	17,706	18,793	19,564	19,654	19,332	19,070	18,510	17,725	17,260	16,951

Alberta stands out in the West and in the country as a province that has seen a dramatic drop in the size of its debt since 1993/94 on both an absolute and a per capita basis. BC has the largest debt in the West in absolute terms, but drops to third when population size is taken into account.

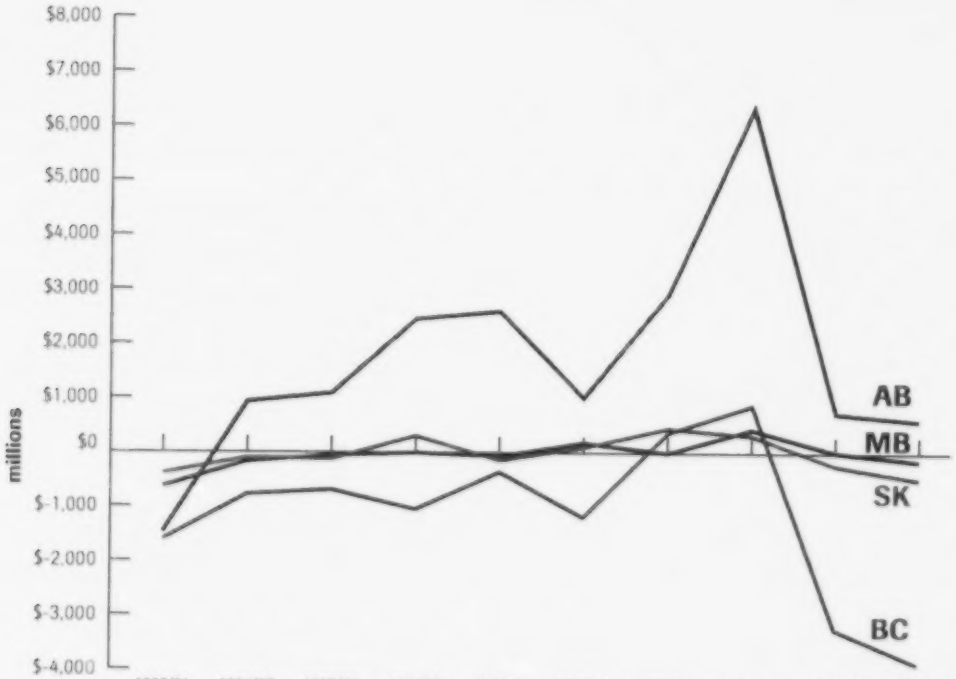
Debt is defined by the Dominion Bond Rating Service (DBRS) as tax-supported debt plus unfunded pension liabilities, less sinking funds and internal holdings. DBRS figures are not the same as those reported by governments.

Source: Dominion Bond Rating Service, *The Canadian Federal and Provincial Governments – 2002 Overview*

PUBLIC FINANCE

Alberta is the only province in Canada to stay in the black consistently since 1994/95

Figure 82: DBRS-Adjusted Provincial Government Surplus/Deficit, 1993/94-2002/03



	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
					(millions of $)					
BC	(1,609)	(776)	(690)	(1,049)	(360)	(1,189)	369	874	(3,246)	(3,886)
AB	(1,478)	932	1,089	2,456	2,596	1,011	2,922	6,345	733	597
SK	(391)	(101)	(122)	303	(143)	97	451	324	(231)	(484)
MB	(634)	(174)	(53)	(5)	(66)	179	1	435	16	(144)
ON	(11,202)	(10,129)	(7,946)	(5,038)	(3,125)	(3,521)	(928)	3,291	(382)	(1,198)
PQ	(6,529)	(7,457)	(4,707)	(4,176)	(2,280)	(640)	(1,474)	115	(2,389)	(2,976)
NB	(265)	(79)	41	114	192	223	63	181	107	(59)
NS	(582)	(245)	(188)	(43)	(432)	(261)	(321)	(324)	(191)	(100)
PEI	(87)	(2)	4	(13)	(7)	30	11	(20)	(25)	(41)
NF	(357)	(380)	(155)	(140)	(222)	(192)	(187)	(145)	(202)	(258)
Fed	(39,512)	(36,062)	(27,258)	(10,597)	7,898	4,149	14,596	21,857	8,907	4,004

Spikes in natural resource revenue due to volatile oil and natural gas prices have a huge influence on Alberta's annual fiscal position. For example, resource revenues of $10.6 billion in 2000/01 ($5.9 billion more than the year before) caused Alberta's surplus to jump to $6.3 billion in 2000/01.

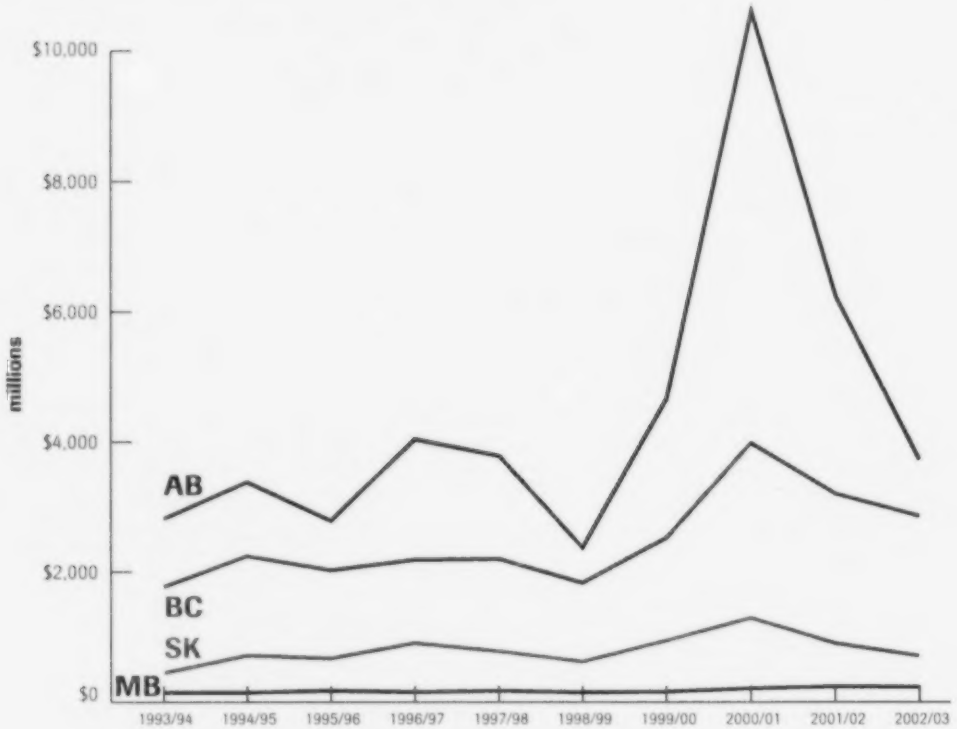
The Dominion Bond Rating Service (DBRS) adjusts reported surplus/deficit figures to exclude unusual items and to include non-budgetary capital expenditures to improve comparability. DBRS figures are not the same as those reported by governments.

Source: Dominion Bond Rating Service, *The Canadian Federal and Provincial Governments – 2002 Overview*

PUBLIC FINANCE

Natural resource revenues can fluctuate wildly from one year to the next

Figure 83: Natural Resource Revenue, 1993/94-2002/03



	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
	(millions of $)									
BC	1,772	2,244	2,026	2,185	2,197	1,829	2,517	3,975	3,196	2,853
AB	2,817	3,378	2,786	4,034	3,778	2,368	4,650	10,586	6,227	3,714
SK	452	718	673	908	781	622	943	1,293	903	711
MB	147	149	179	156	177	152	163	213	243	233
ON	239	223	263	264	286	289	345	235	242	237
PQ	98	157	236	227	381	242	354	265	186	198
NB	35	49	51	58	58	62	63	67	57	64
NS	0	0	0	0	0	0	0	0	0	0
PEI	0	0	0	0	0	0	0	0	0	0
NF	16	19	21	23	28	27	21	28	50	53

The downside of natural resource revenues from a fiscal planning perspective is that they can be difficult to predict. If spending is increased in response to strong inflows of money from natural resource levies, it may be difficult to stay out of the red when the inflows decrease.

Source: Dominion Bond Rating Service, *The Canadian Federal and Provincial Governments – 2002 Overview*

PUBLIC FINANCE

Unlike other provinces, BC, Alberta and Saskatchewan all derive significant portions of their annual revenues from natural resource revenues

Figure 84: Components of Total Provincial Revenue, 2001/02 (% of total revenue)

	Personal Tax Revenue	Corporate Tax Revenue	Retail Sales Taxes	Natural Resource Revenue	Other Own Source Revenue	Federal Transfer Payments
BC	23	9	15	14	26	12
AB	19	11	0	28	31	10
SK	20	9	13	15	23	20
MB	24	10	14	3	17	32
ON	31	16	22	0.4	18	12
PQ	31	17	15	0.4	18	19
NB	18	5	13	1	20	41
NS	23	5	16	0	19	37
PEI	17	3	17	0	21	43
NF	17	5	15	1	18	44
Federal	48	24	14	0	13	n.a.

When sources of provincial revenue are examined, numerous differences among the four western provinces are revealed.

Saskatchewan and Manitoba are more reliant on federal transfers than are BC and Alberta, with Manitoba recording the highest percentage of its revenues from federal transfers outside the Atlantic region. BC has recently qualified for federal equalization payments (see note below). This leaves Alberta and Ontario as the only two provinces that do not receive federal equalization payments. Alberta also stands out in the West (and in the country) as the only province that does not have a provincial retail sales tax.

BC, Alberta, and Saskatchewan stand out as three provinces with access to significant natural resource revenue. The volatility of this revenue source is demonstrated by the fact that natural resource revenues accounted for 41% of Alberta's total revenues in 2000/01 compared to only 14% in 1998/99 (Alberta's average between 1997/98-2001/02 was 27%).

Although it is difficult to get comparable numbers, profits from provincial government-controlled gambling have become a significant source of revenue for provincial governments.

The five main things provincial government revenues are used for are health care (36% of western provincial expenditures in 2001/02), education (26%), social services (11%), capital expenditure (9%), and interest costs (5%).

The Dominion Bond Rating Service adjusts revenue figures to exclude unusual/extraordinary items and transfers from internal funds.
Equalization payments are intended to allow all provinces, regardless of their ability to raise revenue, to provide roughly comparable levels of services at roughly comparable levels of taxation. Eligibility to receive equalization funding is determined by a formula measuring each province's revenue-raising capacity against a five-province standard. BC began receiving equalization payments in 2001/02 (see Finance Canada's website for more information).
Source: Dominion Bond Rating Service, *The Canadian Federal and Provincial Governments – 2002 Overview*

14. MAP OF CANADA

15. PROVINCIAL FACT SHEETS

BRITISH COLUMBIA

	1997	1998	1999	2000	2001	2002
Total population	3,959,698	3,997,113	4,028,280	4,060,133	4,101,579	4,141,272
% change	2.0	0.9	0.8	0.8	1.0	1.0
% of regional pop.	44.2	44.1	44.0	44.0	44.0	44.0
% of national pop.	13.2	13.2	13.2	13.2	13.2	13.2
Population under 15	809,723	804,827	797,201	788,475	780,325	771,348
% of total	20.4	20.1	19.8	19.4	19.0	18.6
Population 65+	499,095	510,033	519,511	529,520	540,868	551,820
% of total	12.6	12.8	12.9	13.0	13.2	13.3
Immigrants	53,121	40,336	34,273	36,942	39,461	37,794
Emigrants	5,919	7,269	7,765	8,332	8,931	9,594
Net international migration	47,202	33,067	26,508	28,610	30,530	28,200
Interprovincial migrants (IN)	59,432	51,524	43,300	43,465	43,338	52,654
Interprovincial migrants (OUT)	49,552	61,553	57,784	58,075	51,624	59,648
Net interprovincial migration	9,880	-10,029	-14,484	-14,610	-8,286	-6,994
Employment	1,869,000	1,870,000	1,906,000	1,949,000	1,942,000	1,973,000
% change	2.6	0.05	1.9	2.3	-0.4	1.6
Participation rate (%)	65.6	64.9	65.1	64.9	64.1	64.9
Unemployment rate (%)	8.4	8.8	8.3	7.2	7.7	8.5
Nominal GDP (millions of $)	114,383	115,641	120,599	129,356	130,859	..
% change	5.1	1.1	4.3	7.3	1.2	..
Nominal GDP per capita ($)	28,887	28,931	29,938	31,860	31,905	..
Real* GDP (millions of $)	114,383	116,052	119,106	124,390	125,334	..
% change	3.4	1.5	2.6	4.4	0.8	..
Real* GDP per capita ($)	28,887	29,034	29,567	30,637	30,558	..
Real* International Exports						
(millions $)	35,345	35,950	38,684	40,710	38,547	..
% change	4.5	1.7	7.6	5.2	-5.3	..
% of GDP	30.9	31.0	32.5	32.7	30.8	..
Real* Interprovincial Exports						
(millions $)	13,346	15,208	16,231	16,525	17,033	..
% change	5.9	6.0	6.7	1.8	3.1	
% of GDP	12.5	13.1	13.6	13.3	13.6	..

.. not available

* 1997 prices

ALBERTA

	1997	1998	1999	2000	2001	2002
Total population	2,837,191	2,906,846	2,959,641	3,009,860	3,059,107	3,113,586
% change	2.0	2.5	1.8	1.7	1.6	1.8
% of regional pop.	31.7	32.1	32.3	32.6	32.8	33.1
% of national pop.	9.5	9.6	9.7	9.8	9.8	9.9
Population under 15	670,302	675,740	675,295	674,373	671,932	671,263
% of total	23.6	23.2	22.8	22.4	22.0	21.6
Population 65+	279,072	286,946	294,637	303,114	311,369	318,695
% of total	9.8	9.9	10.0	10.1	10.2	10.2
Immigrants	13,847	11,689	11,253	12,864	16,199	16,568
Emigrants	5,563	6,643	7,057	7,521	8,006	8,543
Net international migration	8,284	5,046	4,196	5,343	8,193	8,025
Interprovincial migrants (IN)	70,333	86,307	70,932	70,721	64,129	84,532
Interprovincial migrants (OUT)	44,051	43,218	45,741	48,047	43,672	57,792
Net interprovincial migration	26,282	43,089	25,191	22,674	20,457	26,740
Employment	1,458,000	1,515,000	1,553,000	1,588,000	1,632,000	1,674,000
% change	3.6	3.9	2.5	2.3	2.8	2.6
Participation rate (%)	72.1	72.5	72.6	72.2	72.3	73.0
Unemployment rate (%)	5.8	5.6	5.7	5.0	4.6	5.3
Nominal GDP (millions of $)	107,048	107,439	116,467	144,672	151,319	..
% change	8.5	0.4	8.4	24.2	4.6	..
Nominal GDP per capita ($)	37,730	36,961	39,352	48,066	49,465	..
Real* GDP (millions of $)	107,048	112,862	114,029	121,094	124,486	..
% change	7.5	5.4	1.0	6.2	2.8	..
Real* GDP per capita ($)	37,730	38,826	38,528	40,232	40,694	..
Real* International Exports						
(millions $)	38,079	42,103	42,087	45,593	45,175	..
% change	9.2	10.6	-0.04	8.3	-0.9	..
% of GDP	35.6	37.3	36.9	37.7	36.3	..
Real* Interprovincial Exports						
(millions $)	24,883	24,748	26,018	25,994	26,856	..
% change	3.1	-0.5	5.1	-0.1	3.3	..
% of GDP	23.2	21.9	22.8	21.5	21.6	..

.. not available

* 1997 prices

SASKATCHEWAN

	1997	1998	1999	2000	2001	2002
Total population	1,022,020	1,024,875	1,025,564	1,021,963	1,017,087	1,011,808
% change	0.3	0.3	0.1	-0.4	-0.5	-0.5
% of regional pop.	11.4	11.3	11.2	11.1	10.9	10.7
% of national pop.	3.4	3.4	3.4	3.3	3.3	3.2
Population under 15	246,185	243,975	240,441	236,167	231,386	226,682
% of total	24.1	23.8	23.4	23.1	22.7	22.4
Population 65+	148,246	148,595	148,781	148,492	148,154	147,478
% of total	14.5	14.5	14.5	14.5	14.6	14.6
Immigrants	1,779	1,614	1,756	1,670	1,842	1,814
Emigrants	774	917	979	1,049	1,124	1,202
Net international migration	1,005	697	777	621	718	612
Interprovincial migrants (IN)	16,771	18,697	15,200	14,556	12,985	18,968
Interprovincial migrants (OUT)	19,565	20,637	19,533	22,503	21,395	27,603
Net interprovincial migration	-2,794	-1,940	-4,333	-7,947	-8,410	-8,635
Employment	470,000	476,000	480,000	485,000	472,000	482,000
% change	2.6	1.3	0.8	1.0	-2.7	2.1
Participation rate (%)	66.3	66.6	67.0	67.0	65.8	67.3
Unemployment rate (%)	5.9	5.7	6.1	5.2	5.8	5.7
Nominal GDP (millions of $)	29,157	29,550	30,497	33,708	33,305	..
% change	0.7	1.4	3.2	10.5	-1.2	..
Nominal GDP per capita ($)	28,529	28,833	29,737	32,984	32,745	..
Real* GDP (millions of $)	29,157	30,549	30,616	31,521	30,829	..
% change	5.6	4.8	0.2	3.0	-2.2	..
Real* GDP per capita ($)	28,529	29,808	29,853	30,844	30,311	..
Real* International Exports						
(millions $)	12,160	12,344	12,088	13,076	13,009	..
% change	14.4	1.5	-2.1	8.2	-0.5	..
% of GDP	41.7	40.4	39.5	41.5	42.2	..
Real* Interprovincial Exports						
(millions $)	7,070	7,548	8,045	7,756	7,895	..
% change	11.5	6.8	6.6	-3.6	1.8	..
% of GDP	24.2	24.7	26.3	24.6	25.6	..

.. not available

* 1997 prices

MANITOBA

	1997	1998	1999	2000	2001	2002
Total population	1,136,584	1,137,908	1,142,545	1,146,444	1,149,118	1,150,848
% change	0.2	0.1	0.4	0.3	0.2	0.2
% of regional pop.	12.7	12.6	12.5	12.4	12.3	12.2
% of national pop.	3.8	3.8	3.7	3.7	3.7	3.7
Population under 15	261,296	259,343	258,380	257,073	254,793	252,428
% of total	23.0	22.8	22.6	22.4	22.2	21.9
Population 65+	154,392	155,102	155,263	155,529	155,721	155,449
% of total	13.6	13.6	13.6	13.6	13.6	13.5
Immigrants	4,066	3,117	3,299	4,207	4,829	4,810
Emigrants	1,288	1,525	1,621	1,724	1,830	1,944
Net international migration	2,778	1,592	1,678	2,483	2,999	2,866
Interprovincial migrants (IN)	13,883	14,906	13,985	14,075	12,623	17,474
Interprovincial migrants (OUT)	19,756	20,182	16,098	17,531	16,946	22,772
Net interprovincial migration	-5,873	-5,276	-2,113	-3,456	-4,323	-5,298
Employment	526,000	536,000	543,000	554,000	558,000	567,000
% change	1.4	1.9	1.3	2.1	0.7	1.6
Participation rate (%)	66.6	67.0	67.5	67.9	68.1	69.2
Unemployment rate (%)	6.5	5.5	5.6	4.9	5.0	5.2
Nominal GDP (millions of $)	29,751	30,972	31,943	33,486	34,707	..
% change	4.6	4.1	3.1	4.8	3.7	..
Nominal GDP per capita ($)	26,176	27,218	27,958	29,209	30,203	..
Real* GDP (millions of $)	29,751	31,059	31,693	32,575	33,012	..
% change	4.2	4.4	2.0	2.8	1.3	..
Real* GDP per capita ($)	26,176	27,295	27,739	28,414	28,728	..
Real* International Exports						
(millions $)	8,872	9,803	9,648	9,806	10,009	..
% change	21.4	10.5	-1.6	1.6	2.1	..
% of GDP	29.8	31.6	30.4	30.1	30.3	..
Real* Interprovincial Exports						
(millions $)	8,846	9,301	9,901	10,024	10,478	..
% change	5.1	5.1	6.5	1.2	4.5	..
% of GDP	29.7	29.9	31.2	30.8	31.7	..

.. not available

* 1997 prices

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